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LIFE INSURANCE FACT BOOK

A publication of the
American Council of Life Insurance,
serving the public as a central source of information about life insurance.

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FOREWORD

The Life Insurance Fact Book, now in its 39th year of publication, is presented annually as part of the life insurance business' continuing commitment to public accountability. As the principal source of statistics about the life insurance business, this text summarizes the year's developments with text, tables and charts, together with historical information.

The Fact Book reports on the United States business of all legal reserve life insurance companies operating in this country, and the total domestic and foreign business of U.S. life companies. Information on life insurance issued by fraternal benefit societies operating in the U.S. and Canada is included in various parts of the text and in statistical material on pages 100 and 101.

Some insurance companies, through parent corporations or by ownership of subsidiaries, engage in other financial services, such as mutual funds. While the Fact Book includes descriptive information on these services, the statistics reflect only insurance operations.

The Fact Book data are derived from annual statements provided by life insurance companies, and through surveys conducted by the Council. Assistance is also given by commercial publishers of life insurance statistics, government agencies and other life insurance organizations.

The constructive comments of many people over the years have helped the Fact Book to become established as a useful and reliable source of information about the life insurance business.

ROBERT N. CHIAPPETTA, A.S.A.
Director
Information, Reference and Statistical Services

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KEY LIFE INSURANCE STATISTICS

				% Change	
	1973	1982	1983	1982-81	1983-82
Life Insurance in Force in the United States (000,000 omitted)					
Ordinary	$ 928,192	$2,216,388	$2,544,275	12.0	14.8
Group	708,322	2,066,361	2,219,573	9.4	7.4
Industrial	40,632	32,766	31,354	- 5.2	- 4.3
Credit	101,154	161,144	170,659	- 0.7	5.9
Total	$1,778,300	$4,476,659	$4,965,861	10.2	10.9
Average Amounts of Life Insurance in Force in the United States					
Per Family	$ 24,400	$ 49,300	$ 54,200	7.9	9.9
Per Insured Family	$ 28,800	$ 57,300	$ 63,000	7.7	9.9
Life Insurance Purchases in the United States* (000,000 omitted)					
Ordinary	$ 162,506	$ 585,444	$ 753,444	21.5	28.7
Group	64,461	250,532	271,609	-27.7	8.4
Industrial	7,224	1,898	1,388	-24.6	-26.9
Total	$ 234,191	$ 837,874	$1,026,441	0.8	22.5
Benefit Payments in the United States (000,000 omitted)					
Payments to Beneficiaries	$ 8,572	$ 15,066	$ 15,660	6.4	3.9
Payments to Policyholders	8,708	20,114	22,636	16.2	12.5
Payments to Annuitants	3,033	12,814	13,564	6.6	5.9
Total	$ 20,313	$ 47,994	$ 51,860	10.4	8.1
Premium Receipts in the United States (000,000 omitted)					
Life Insurance	$ 26,373	$ 50,800	$ 50,265	9.8	- 1.1
Annuity Considerations	6,771	34,644	30,544	25.6	-11.8
Health Insurance	15,524	34,960	38,201	9.9	9.3
Total	$ 48,668	$ 120,404	$ 119,010	14.0	- 1.2
Assets of U.S. Life Insurance Companies (000,000 omitted)					
Government Securities	$ 11,403	$ 55,516	$ 76,615	40.5	38.0
Corporate Bonds	91,796	212,772	232,123	9.8	9.1
Stocks	25,919	55,730	64,868	16.9	16.4
Mortgages	81,369	141,989	150,999	3.1	6.3
Real Estate	7,693	20,624	22,234	12.8	7.8
Policy Loans	20,199	52,961	54,063	8.7	2.1
Other Assets	14,057	48,571	54,046	21.1	11.3
Total	$ 252,436	$ 588,163	$ 654,948	11.9	11.4
Net Rate of Investment Income of U.S. Life Insurance Companies (Before Federal Income Taxes)					
Including Separate Accounts	5.88%	8.91%	8.96%	—	—
Excluding Separate Accounts	6.00%	8.87%	9.06%	—	—

Note: Some data are revised.

*Data for 1973 exclude all credit life insurance. Data for 1982 and 1983 include credit life insurance on loans of more than 10 years' duration.

Source: American Council of Life Insurance.

LIFE INSURANCE IN 1983

Purchases of life insurance in 1983 exceeded $1 trillion dollars, with sales of ordinary life insurance accounting for nearly three-quarters of that amount. Universal and variable life insurance now account for 23% of ordinary sales, up from 11% in 1982.

Life insurance in force also reached an all-time high—$4,965.9 billion, up 10.9% from 1982. The average amount of life insurance per family was $54,200, $4,900 more than in 1982.

Life insurance issued by U.S. legal reserve life insurance companies was owned by 86% of American families; the average amount of life insurance owned by insured families was $63,000.

Two-thirds of Americans owned some form of life insurance—most through legal reserve life insurance companies.

Total premium receipts for all legal reserve life insurance companies decreased 1.2%, to $119.0 billion, due in large part to a sharp decline in annuity considerations.

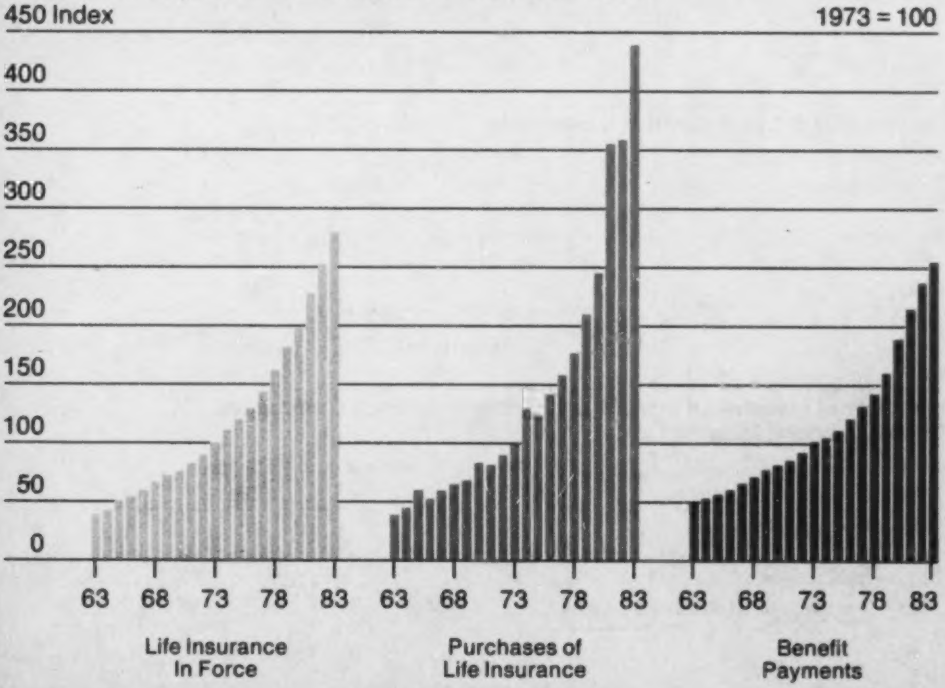
Benefit payments—excluding health insurance—reached a record $51.9 billion, up 8.1%. Payments to beneficiaries in 1983 totaled $15.7 billion. Some $22.6 billion was paid to life insurance policyholders and $13.6 billion to annuitants.

Assets of U.S. life insurance companies totaled $654.9 billion at year-end 1983. This was an increase of $66.8 billion, or 11.4%, from 1982 year-end.

Policy loans in 1983 increased 2.1% over 1982, less than one-fourth the 1982 increase, and totaled $54.1 billion, or 8.3% of assets at year-end.

The largest percentage increase in investments was in government securities, up 38.0% over year-end 1982.

Relative Growth of Life Insurance In Force, Purchases of Life Insurance, And Benefit Payments in the United States 1963-1983



The net rate of investment earnings (excluding separate accounts) went up from 8.87% to 9.06% before federal taxes—an all-time high.

Other highlights of the life insurance business in 1983 include:

- Dollar volume of payments to beneficiaries increased 3.9% over 1982. The average size of death benefit payments went up 5.9%.
- Life insurance premiums continued to account for a decreasing percentage of premium income as the volume of health insurance premiums increased. In 1983, 42.2% of premium income came from life insurance; 10 years earlier life insurance accounted for 54.2%.
- Policy reserves totaled $532.4 billion in 1983, 41.5% of which were life insurance reserves.
- Separate account assets totaled $67.9 billion at the end of 1983, an 18.5% increase over 1982. Bond holdings increased 11.1% in 1983 and now account for the largest proportion of holdings. Stock holdings increased 21.7%, to 37.0% of separate account holdings.

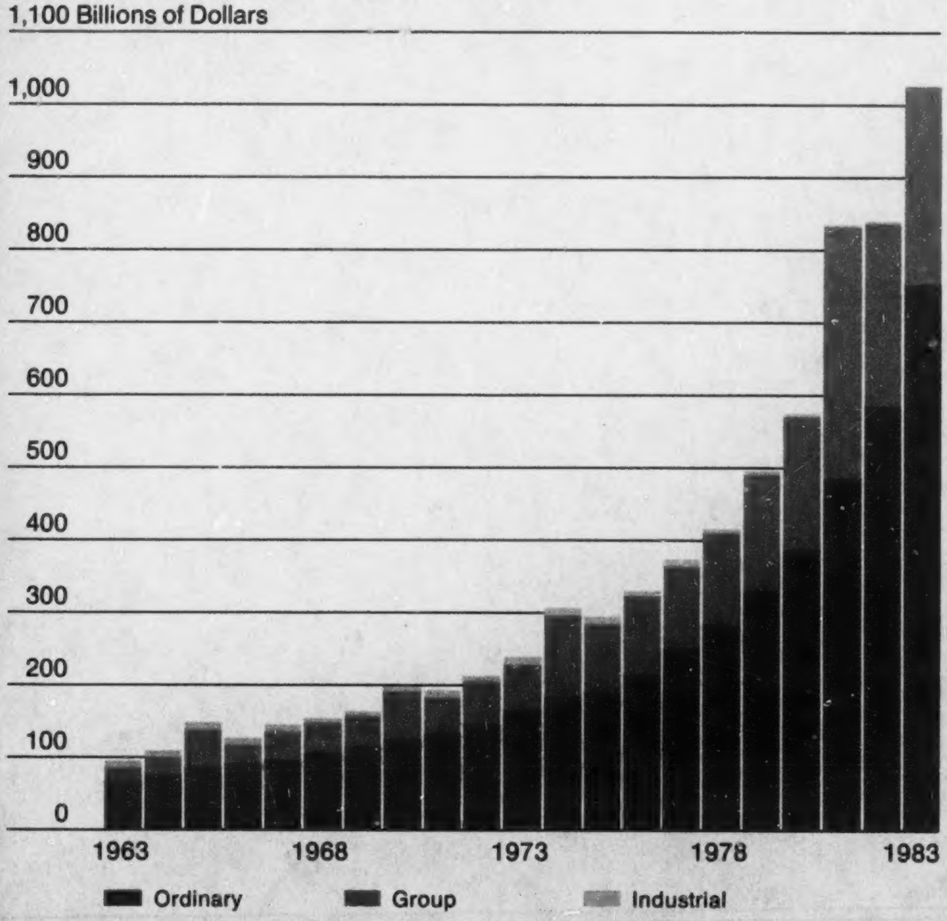
LIFE INSURANCE PURCHASES

Americans purchased $1,026.4 billion of new life insurance in 1983. During 1982, purchases totaled $837.9 billion.

People buy life insurance for many reasons, but mainly to provide financial protection for their families if they themselves should die prematurely. A person creates an estate, or adds to one, with a life insurance policy, and the future of that estate is protected as the policy is maintained over tne years. Nearly three-fourths of new life insurance protection purchased in the United States in 1983 was bought on an individual basis—that is, by personal or family decision—usually through a life insurance agent. Purchases of ordinary life insurance increased in 1983, totaling $753.4 billion, an increase of 28.7% for the year. This follows an increase of 21.5% in 1982.

Purchases of industrial life insurance, the other type of individual coverage, came to $1.4 billion in 1983, a decrease of $510 million from 1982. Group purchases totaled $271.6 billion. This was $21.1 billion above the 1982 total. Increases resulting from higher salaries or enlarged employee groups are not considered new purchases. Purchases in 1983 included $6.2 billion of new group coverage for employees' dependents.

Life Insurance Purchases in the United States



Purchases of Ordinary Life Insurance in the United States by State

Exclusive of Revivals, Increases, Dividend Additions and Reinsurance Acquired (000,000 omitted)

State	1977	1978	1979	1980	1981	1982	1983
Alabama	$ 4,544	$ 5,162	$ 5,981	$ 7,014	$ 8,915	$ 10,731	$ 14,283
Alaska	473	552	628	743	873	1,197	1,684
Arizona	2,772	3,445	4,294	4,852	6,423	8,297	10,265
Arkansas	1,993	2,185	2,597	3,045	3,956	5,475	6,528
California	26,905	31,329	37,573	44,750	58,558	72,400	88,413
Colorado	3,976	4,748	5,809	6,813	8,617	10,510	13,756
Connecticut	3,589	4,022	4,767	5,840	7,460	8,648	11,325
Delaware	642	714	833	1,108	1,200	1,561	2,122
D.C.	795	905	1,043	1,335	1,653	2,097	2,430
Florida	10,582	12,225	14,667	17,888	23,084	28,238	36,306
Georgia	7,039	8,202	9,497	11,248	13,813	17,180	22,032
Hawaii	1,280	1,465	1,774	2,084	2,465	2,982	3,846
Idaho	1,067	1,294	1,401	1,680	2,188	2,636	3,288
Illinois	14,145	15,684	17,856	19,473	23,397	27,171	35,624
Indiana	6,218	6,956	7,914	8,513	10,565	12,611	16,372
Iowa	3,750	4,281	4,711	5,149	6,301	7,553	10,149
Kansas	3,212	3,530	4,043	4,486	5,798	6,938	8,977
Kentucky	3,300	3,707	4,287	4,763	5,694	7,213	9,213
Louisiana	5,020	6,082	7,072	8,888	11,448	14,266	17,756
Maine	923	1,025	1,126	1,343	1,582	1,875	3,038
Maryland	4,773	5,295	5,984	7,068	8,936	10,320	13,958
Massachusetts	5,473	6,071	7,360	8,287	10,427	11,845	15,990
Michigan	8,318	9,245	10,422	11,044	13,415	15,698	22,372
Minnesota	4,362	5,032	5,995	6,757	8,512	10,674	13,481
Mississippi	2,217	2,648	3,055	3,664	4,669	5,981	7,498
Missouri	5,311	6,061	6,784	7,641	9,634	11,674	14,754
Montana	899	1,019	1,119	1,302	1,557	2,011	2,779
Nebraska	2,191	2,525	2,938	3,309	4,183	5,116	6,137
Nevada	774	894	1,145	1,322	1,677	2,139	2,779
New Hampshire	1,017	1,121	1,335	1,522	1,778	2,037	2,828
New Jersey	8,605	9,471	10,909	12,853	14,912	17,495	24,470
New Mexico	1,281	1,514	1,848	2,112	2,667	3,354	4,142
New York	16,827	18,452	20,630	24,952	30,687	34,351	47,190
North Carolina	6,280	7,183	8,156	9,484	11,979	14,655	20,263
North Dakota	805	1,032	1,204	1,446	1,845	2,598	2,911
Ohio	11,826	13,537	15,420	17,188	20,618	25,082	31,691
Oklahoma	3,535	4,123	4,728	6,176	7,872	9,627	11,510
Oregon	2,503	2,940	3,419	3,932	5,113	6,505	7,437
Pennsylvania	11,669	13,125	14,793	16,761	19,533	22,599	31,949
Rhode Island	1,014	1,101	1,370	1,693	2,111	2,228	2,909
South Carolina	3,249	3,793	4,474	5,456	6,712	8,605	10,852
South Dakota	852	1,018	1,178	1,331	1,665	2,375	2,625
Tennessee	5,140	5,899	6,744	7,863	9,610	12,631	14,912
Texas	17,135	20,356	24,873	31,362	40,493	50,176	63,524
Utah	1,871	2,238	2,722	3,226	4,407	6,260	7,059
Vermont	458	524	593	693	796	968	1,247
Virginia	6,199	7,119	8,254	9,578	11,823	14,258	17,973
Washington	4,074	4,684	5,646	6,616	8,688	11,282	13,351
West Virginia	1,536	1,714	1,946	2,142	2,432	2,652	3,849
Wisconsin	4,524	5,198	5,892	6,885	8,069	9,412	11,887
Wyoming	510	622	762	895	1,085	1,257	1,710
Total U.S.	$247,453	$283,067	$329,571	$385,575	$481,895	$585,444	$753,444

Note: The series includes mass-marketed ordinary insurance. Data include long-term individual credit insurance.

Sources: Life Insurance Marketing and Research Association and American Council of Life Insurance.

Life Insurance Purchases in the United States

Exclusive of Revivals, Increases, Dividend Additions and Reinsurance Acquired

	Ordinary		Group		Industrial		Total	
Year	Policies (000 omitted)	Amount (000,000 omitted)	Certificates (000 omitted)	Amount (000,000 omitted)	Policies (000 omitted)	Amount (000,000 omitted)	Number (000 omitted)	Amount (000,000 omitted)
1940	3,855	$ 6,689	285	$ 691	14,017	$3,350	18,157	$ 10,730
1945	4,343	9,859	681	1,265	11,869	3,430	16,893	14,554
1950	5,279	17,326	2,631	6,068	14,924	5,402	22,834	28,796
1955	7,572	30,827	2,217	11,258*	14,356	6,342	24,145	48,427*
1960	8,734	52,883	3,734	14,645	12,287	6,880	24,755	74,408
1965	9,937	83,485	7,007	51,385†	10,492	7,296	27,436	142,166†
1970	10,968	122,820	5,219	63,690†	7,582	6,612	23,769	193,122†
1971	11,281	132,130	5,403	49,407	8,326	7,274	25,010	188,811
1972	11,844	145,479	6,698	55,857	8,123	7,394	26,665	208,730
1973	12,198	162,506	7,065	64,461	7,506	7,224	26,769	234,191
1974	12,763	182,755	7,994	111,622†	6,747	6,680	27,504	301,057†
1975	12,549	188,003	8,146	95,190†	6,397	6,729	27,092	289,922†
1976	13,219	213,784	9,145	104,683	5,962	6,382	28,326	324,849
1977	13,679	247,453	9,599	115,839	5,859	6,504	29,137	369,796
1978	13,987	283,067	9,267	125,129	5,445	6,015	28,699	414,211
1979	14,259	329,571	9,245	157,906	4,457	5,335	27,961	492,812
1980	14,750	385,575	11,379	183,418	2,878	3,609	29,007	572,602
1981	15,838	481,895	11,923	346,702*†	1,791	2,517	29,552	831,114*†
1982	15,614	585,444	11,930	250,532	1,350	1,898	28,894	837,874
1983	17,737	753,444	13,450	271,609	834	1,388	32,021	1,026,441

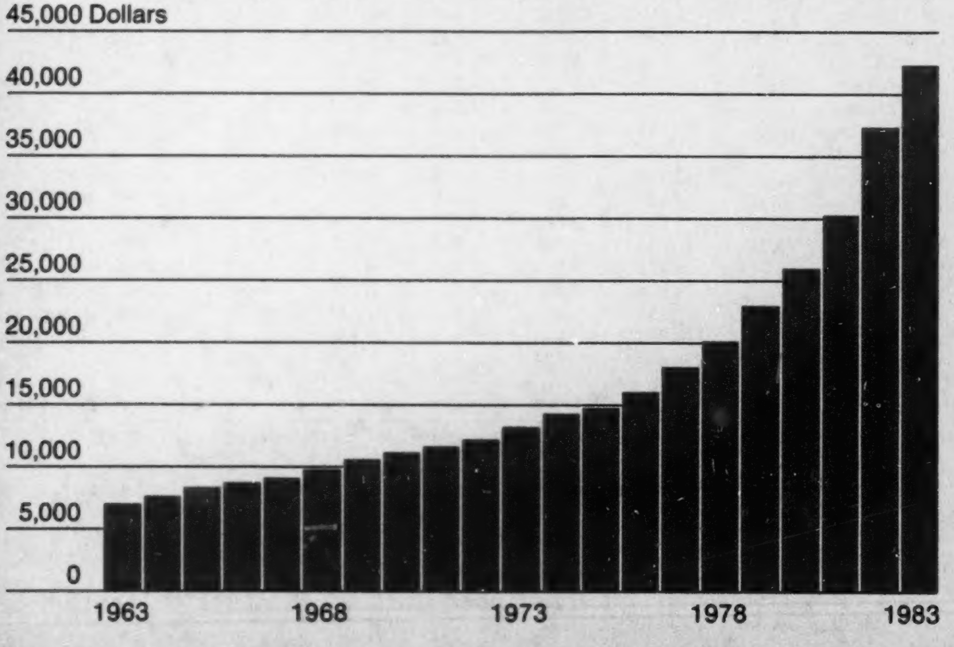
Note: Figures from 1940-1973 exclude all credit life insurance. Beginning with 1974, data include long-term credit insurance (life insurance on loans of more than 10 years' duration).

*Includes Federal Employees' Group Life Insurance of $1.9 billion in 1955 and $84.4 billion in 1981.

†Includes Servicemen's Group Life Insurance of $27.8 billion in 1965, $17.1 billion in 1970, $29.2 billion in 1974, $1.7 billion in 1975 and $45.6 billion in 1981.

Sources: Life Insurance Marketing and Research Association and American Council of Life Insurance.

Average Size Ordinary Life Insurance Policy Purchased in the United States



Analysis of Ordinary Life Insurance Purchases in the United States

	% of Policies		% of Amount	
	1973	1983	1973	1983
SEX OF INSURED				
Male Insureds Under 15	9	7	3	2
Female Insureds Under 15	7	6	2	2
Male Adults	59	53	81	72
Female Adults	25	34	14	24
Total	100	100	100	100
AGE OF INSURED				
Under 15	16	14	4	4
15-24	32	18	26	11
25-34	28	31	39	38
35-44	13	20	20	30
45 or Over	11	17	11	17
Total	100	100	100	100
INCOME OF INSURED*				
Under $5,000	9	†	4	†
$5,000-$7,499	25	3	15	1
$7,500-$9,999	23	5	18	2
$10,000-$24,999	38	53	46	37
$25,000 or Over	5	39	17	60
Total	100	100	100	100
SIZE OF POLICY				
Under $2,000	10	3	1	†
$2,000-$4,999	13	5	2	†
$5,000-$9,999	22	12	9	1
$10,000-$24,999	37	21	34	6
$25,000 or Over	18	59	54	93
Total	100	100	100	100
TYPE OF POLICY				
Straight Life	32	33	25	17
Limited Payment Life	17	10	8	2
Endowment and Retirement Income	9	1	5	†
Modified Life	8	4	6	3
Level, Decreasing and Modified Term	12	24	25	45
Family Plan	3	†	2	†
with Additional Term	2	†	4	†
Regular Policy with F/P Rider	4	6	5	4
and Additional Term	2	1	5	1
Universal Life	—	12	—	17
with Rider	—	2	—	5
Variable Life	—	1	—	1
with Rider	—	†	—	†
Combination	9	6	12	5
Progressive and Other	2	†	3	†
Total	100	100	100	100

Note: Figures exclude credit life insurance.

*Ages 0-14 and persons reporting less than $3,000 income are excluded.

†Less than 0.5%.

Source: Life Insurance Marketing and Research Association.

Of the 32.0 million new life insurance policies and certificates purchased during the year, 17.7 million were ordinary policies, 834,000 were industrial policies and 13.5 million were group certificates.

The average size of the ordinary policies being bought continues to increase. In 1973, for example, the average new ordinary policy was $13,320; by 1978, the amount had increased to $20,240; in 1982, to $37,490; and in 1983, to $42,480.

A sample survey of ordinary life insurance purchased by Americans in 1983 showed that 51% of all new policies sold were for people between the ages of 25 and 44, up from 41% in 1973. This increase reflects the shift in the population as the "Baby Boom" generation matures into the prime buying age for insurance.

An analysis of sales of ordinary life insurance has shown a continuing shift toward term insurance since the 1950s. However, the introduction of variable and universal life insurance has had a significant impact on this trend. In terms of volume, universal and variable sales combined totaled 10% in 1982 and 21% in 1983. Meanwhile, traditional whole life dropped from 40% in 1981 to 26% in 1983, and term insurance dropped to 53% in 1983 from a peak of 60% in 1982. In total number of policies sold, term insurance accounted for the same proportion of

Distribution of Ordinary Life Insurance Purchases In the United States by Plan of Insurance

	Percent of Amount				Percent of Policies*			
Year	Whole Life	Other Permanent**	Term	Total	Whole Life	Other Permanent**	Term	Total
1955	57%	9%	34%	100%	72%	22%	6%	100%
1960	54	5	41	100	77	14	9	100
1965	53	6	41	100	79	11	10	100
1970	54	5	41	100	82	8	10	100
1971	54	5	41	100	81	9	10	100
1972	53	6	41	100	79	9	12	100
1973	51	6	43	100	79	9	12	100
1974	49	5	46	100	79	7	14	100
1975	48	7	45	100	77	8	15	100
1976	47	5	48	100	76	7	17	100
1977	47	3	50	100	77	7	16	100
1978	45	3	52	100	75	6	19	100
1979	45	2	53	100	76	4	20	100
1980	42	1	57	100	75	3	22	100
1981	40	1	59	100	75	2	23	100
1982	40	†	60	100	75	1	24	100
1983	47	†	53	100	76	1	23	100

*Policies that include both permanent and term insurance are classified as whole life policies.

**Includes endowment and retirement income policies.

†Less than 0.5%.

Sources: Life Insurance Marketing and Research Association and American Council of Life Insurance.

policies in 1983 as in 1981, 23%. Traditional whole life sales continued to drop, from 75% in 1981 to 60% in 1983. Universal life and variable life accounted for 7% of the policies sold in 1982 and 16% in 1983.

More women are buying life insurance, and the 1983 sample survey reflects the increased proportion of policies and amounts being purchased on adult female lives. The ratio of adult men to adult women buyers, when measured by policy purchases, narrowed from 59:25 in 1973 to 53:34 in 1983. Measured by amounts, the ratios of men to women were 81:14 in 1973 and 72:24 in 1983.

The average size of policy purchased on women's lives has been increasing faster than for men. According to the survey, the average size policy for women increased by 324% between 1973 and 1983, compared to 236% for men.

Life Insurance Purchases in U.S. Life Insurance Companies

Exclusive of Revivals, Increases and Dividend Additions (000,000 omitted)

Year	Ordinary	Group	Industrial	Total
1921	$ 6,248	$ 128	$1,581	$ 7,957
1925	10,060	1,075	2,143	14,278
1930	11,905	1,381	3,979	17,265
1935	7,550	715	4,033	12,298
1940	7,022	747	3,318	11,087
1945	10,577	1,302	3,512	15,391
1950	18,260	6,237	5,492	29,989
1955	32,207	11,637*	6,399	50,243*
1960	56,183	15,328	6,906	78.417
1965	89,643	52,867†	7,302	149,812†
1970	134,802	65,381†	6,612	206,795†
1971	145,496	55,432	7,651	208,579
1972	159,063	61.920	7,394	228,377
1973	175,629	67,703	7,224	250,556
1974	198,981	117,790†	6,680	323,451†
1975	207,052	102,659†	6,741	316,452†
1976	233,583	112,232	6,382	352,197
1977	277,310	123,844	6,504	407,658
1978	304,136	127,735	6,015	437,886
1979	359,147	162,343	5,335	526,825
1980	461,553	189,558	3,609	654,720
1981	700,125	435,982*†	2,517	1,138,624*†
1982	661,061	256,920	1,898	919,879
1983	971,866	305,528	1,481	1,278,875

Note: Totals represent all life insurance issued by U.S. life companies (including both direct business and reinsurance acquired, and without deducting reinsurance ceded), whether the policyholders are residents of the United States or some other country. Figures from 1921-1973 exclude all credit life insurance. Beginning with 1974, data include long-term credit insurance (life insurance on loans of more than 10 years' duration).

*Includes Federal Employees' Group Life Insurance of $1.9 billion in 1955 and $81.5 billion in 1981.

†Includes Servicemen's Group Life Insurance of $27.4 billion in 1965, $16.8 billion in 1970, $28.8 billion in 1974, $1.7 billion in 1975 and $44.5 billion in 1981.

Sources: *Spectator Year Book*, American Council of Life Insurance and Life Insurance Marketing and Research Association.

LIFE INSURANCE OWNERSHIP

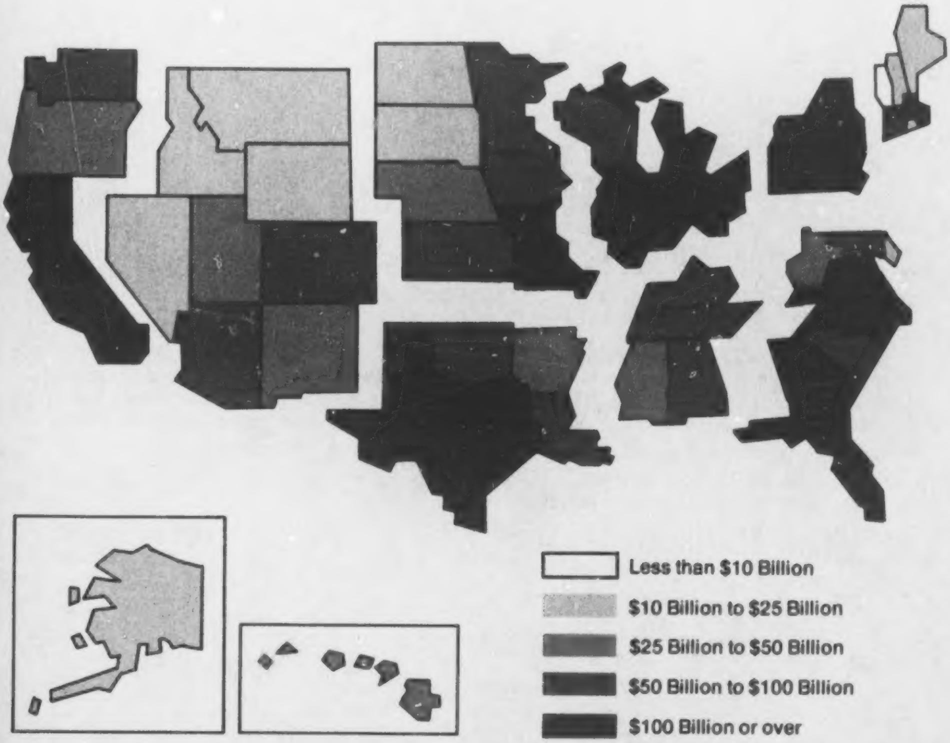
Life insurance in force in the United States reached a new high of $4,965.9 billion at the end of 1983, an increase of $489.2 billion, or 10.9%, over year-end 1982.

If this were divided equally among all American families, each would have had $54,200 of protection at year-end. Excluding families without life insurance, the average for insured families was about $63,000. Despite significant increases in the amount of coverage, protection for all families was equal to only 25 months of total disposable personal income per family at the end of 1983.

Some 153 million policyholders, or 2 out of 3 persons in the country, were insured by legal reserve life insurance companies at the end of 1983.

The East North Central section of the country had the largest amount of coverage, with $909.6 billion of life insurance in force there at year-end 1983. The South Atlantic followed with $810.2 billion. By state, California had the largest total, $516.8 billion, and New York ranked second with $381.6 billion. The District of Columbia exceeded all other states in ownership per family with an average of $113,000 of insurance per family; Delaware was in second place with $83,800 per family.

Life Insurance In Force in the United States by State 1983


Less than $10 Billion
$10 Billion to $25 Billion
$25 Billion to $50 Billion
$50 Billion to $100 Billion
$100 Billion or over

Life Insurance In Force in the United States (000,000 omitted)

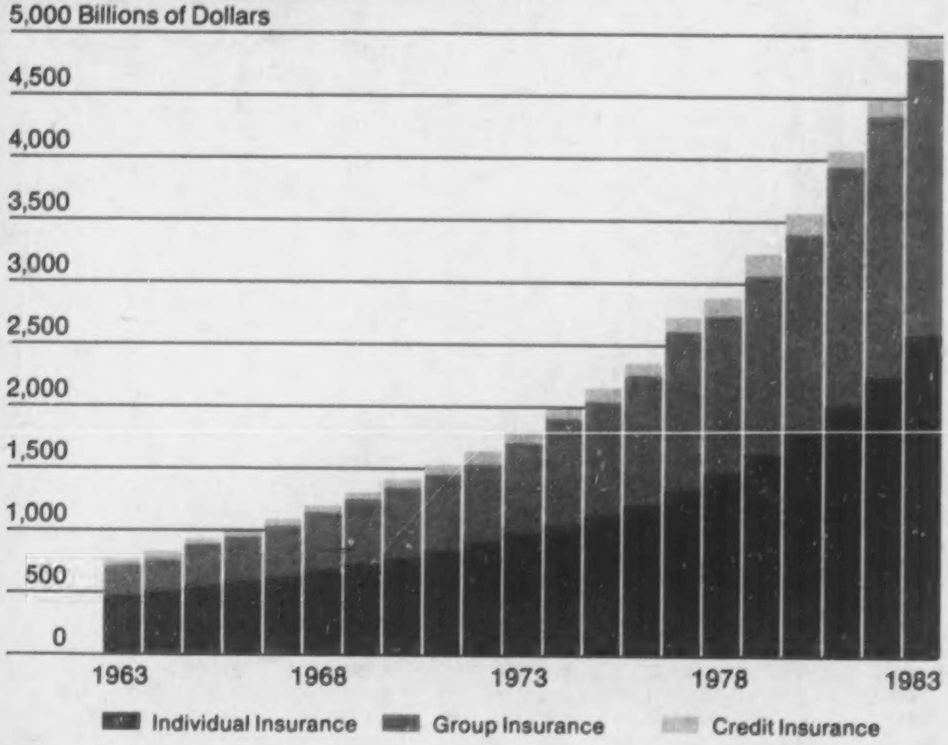
	Ordinary		Group		Industrial		Credit		Total	
Year	No.	Amt.	Cert.	Amt.	No.	Amt.	No.†	Amt.	No.	Amt.
1900	3	$ 6,124	—	—	11	$ 1,449	—	—	14	$ 7,573
1905	5	9,585	—	—	17	2,278	—	—	22	11,863
1910	6	11,783	—	—	23	3,125	—	—	29	14,908
1915	9	16,650	*	$ 100	32	4,279	—	—	41	21,029
1920	16	32,018	2	1,570	48	6,948	*	$ 4	66	40,540
1925	23	52,892	3	4,247	71	12,318	*	18	97	69,475
1930	32	78,576	6	9,801	86	17,963	*	73	124	106,413
1935	33	70,684	6	10,208	81	17,471	1	101	121	98,464
1940	37	79,346	9	14,938	85	20,866	3	380	134	115,530
1941	39	82,525	10	17,359	87	21,825	3	469	139	122,178
1942	41	85,139	11	19,316	90	22,911	2	355	144	127,721
1943	43	89,596	13	22,413	94	24,874	2	275	152	137,158
1944	46	95,085	13	23,922	98	26,474	2	290	159	145,771
1945	48	101,550	12	22,172	101	27,675	2	365	163	151,762
1946	53	112,818	13	27,206	104	29,313	3	729	173	170,066
1947	56	122,393	16	32,026	106	30,406	5	1,210	183	186,035
1948	58	131,158	16	37,068	106	31,253	6	1,729	186	201,208
1949	61	138,862	17	40,207	107	32,087	8	2,516	193	213,672
1950	64	149,116	19	47,793	108	33,415	11	3,844	202	234,168
1951	67	159,109	21	54,398	109	34,870	12	4,763	209	253,140
1952	70	170,875	24	62,913	111	36,448	14	6,355	219	276,591
1953	73	185,007	26	72,913	112	37,781	18	8,558	229	304,259
1954	76	198,599	29	86,410	111	38,664	21	10,046	237	333,719
1955	80	216,812	32	101,345	112	39,682	28	14,493	252	372,332
1956	83	238,348	35	117,399	110	40,109	32	16,774	260	412,630
1957	87	264,949	37	133,905	108	40,139	34	19,366	266	458,359
1958	89	288,607	39	144,772	104	39,646	35	20,536	267	493,561
1959	93	317,158	41	160,163	102	39,809	38	24,998	274	542,128
1960	95	341,881	44	175,903	100	39,563	43	29,101	282	586,448
1961	97	366,141	46	192,794	98	39,451	45	31,107	286	629,493
1962	99	391,048	49	209,950	95	39,638	47	35,341	290	675,977
1963	102	420,808	51	229,477	93	39,672	52	40,666	298	730,623
1964	104	457,868	55	253,620	92	39,833	58	46,487	309	797,808
1965	107	499,638	61	308,078	89	39,818	63	53,020	320	900,554
1966	109	541,022	65	345,945	88	39,663	69	58,059	331	984,689
1967	113	584,570	69	394,501	84	39,215	70	61,535	336	1,079,821
1968	116	633,392	73	442,778	81	38,827	75	68,357	345	1,183,354
1969	118	682,453	76	488,864	79	38,614	78	74,598	351	1,284,529
1970	120	734,730	80	551,357	77	38,644	78	77,392	355	1,402,123
1971	123	792,318	82	589,883	76	39,202	76	81,931	357	1,503,334
1972	126	853,911	85	640,689	76	39,975	78	93,410	365	1,627,985
1973	128	928,192	88	708,322	75	40,632	78	101,154	369	1,778,300
1974	131	1,009,038	94	827,018	71	39,441	84	109,623	380	1,985,120
1975	134	1,083,421	96	904,695	70	39,423	80	112,032	380	2,139,571
1976	137	1,177,672	100	1,002,647	67	39,175	78	123,569	382	2,343,063
1977	139	1,289,321	106	1,115,047	66	39,045	79	139,402	390	2,582,815
1978	142	1,425,095	111	1,243,994	64	38,080	84	163,081	401	2,870,250
1979	146	1,585,878	115	1,419,418	62	37,794	84	179,250	407	3,222,340
1980	148	1,760,474	118	1,579,355	58	35,994	78	165,215	402	3,541,038
1981	149	1,978,080	123	1,888,612	55	34,547	73	162,356	400	4,063,595
1982	146	2,216,388	124	2,066,361	52	32,766	67	161,144	389	4,476,659
1983	146	2,544,275	127	2,219,573	50	31,354	64	170,659	387	4,965,861

Note: "Credit" is limited to life insurance on loans of 10 years' or less duration. "Ordinary" and "Group" include credit life insurance on loans of more than 10 years' duration. Totals for "In the United States" represent all life insurance (net of reinsurance) on residents of the United States, whether issued by U.S. or foreign companies. Beginning with 1959, the data include Alaska and Hawaii.

*Fewer than 500,000. †Includes group credit certificates.

Sources: *Spectator Year Book* and American Council of Life Insurance.

Growth of Individual, Group and Credit Life Insurance In Force in the United States



The principal type of life insurance protection for Americans continues to be ordinary life insurance, purchased individually to meet individual needs. Ordinary insurance in force at the end of 1983 totaled $2,544.3 billion, 51.2% of all life insurance in force in the United States. The number of ordinary policies in force has nearly doubled in the past 25 years, while the average size policy in force is more than five times as large.

Group life insurance provided $2,219.6 billion of protection at the end of 1983, an increase of $153.2 billion during the year. Most group life insurance contracts are issued to employers, though many are issued to unions, professional associations and other groups. Employees or members receive certificates to denote their participation in the group coverage. Growth of this type of protection has been significant. In 1953, group insurance accounted for 24.0% of all insurance in force and by 1983, the ratio had reached 44.7%.

Industrial life insurance is the type which is issued in small amounts, usually with premiums collected weekly or monthly at the policyholder's home. Industrial life decreased slightly to a total of $31.4 billion in force at year-end 1983.

Credit life is another type of life insurance, designed to pay the balance of loans (of 10 years' or less duration) if the borrower should die before repaying the amount due. A total of $170.7 billion of credit life insurance was in force at year-end 1983.

Life Insurance In Force in the United States by State 1983

(Thousands of Policies and Millions of Dollars)

	Ordinary		Group		Industrial		Credit		Total	
State	No.	Amount	Cert.	Amount	No.	Amount	No.*	Amount	No.	Amount
Alabama	2,538	$ 41,191	1,838	$ 31,538	5,826	$ 2,284	1,407	$ 3,518	11,609	$ 78,531
Alaska	159	5,463	556	6,195	8	3	180	339	903	12,000
Arizona	1,391	31,991	1,564	20,493	152	114	1,044	2,589	4,151	55,187
Arkansas	1,074	20,110	826	13,667	319	173	519	1,362	2,738	35,312
California	10,684	271,973	12,848	232,422	1,472	1,093	4,769	11,286	29,773	516,774
Colorado	1,827	43,037	2,015	34,359	208	145	886	2,574	4,936	80,115
Connecticut	2,299	41,131	2,292	40,831	197	188	737	2,163	5,525	84,313
Delaware	485	7,348	486	11,215	166	116	389	1,016	1,526	19,695
D.C.	407	7,445	1,142	26,682	481	289	238	391	2,268	34,807
Florida	6,263	111,528	4,417	72,112	2,717	1,839	3,129	8,031	16,526	193,510
Georgia	4,180	68,001	2,927	52,395	3,073	1,910	2,282	5,338	12,462	127,644
Hawaii	637	14,373	874	11,180	4	2	336	978	1,851	26,533
Idaho	496	10,158	561	6,431	19	13	266	908	1,342	17,510
Illinois	8,875	137,052	7,138	125,013	2,278	1,695	2,486	7,704	20,777	271,464
Indiana	4,016	58,146	2,943	51,479	1,205	828	1,461	3,866	9,625	114,319
Iowa	2,510	38,484	1,558	26,028	172	116	596	1,962	4,836	66,588
Kansas	1,944	32,973	1,343	21,306	242	157	635	1,893	4,192	56,329
Kentucky	2,400	30,919	1,495	25,669	1,245	710	995	2,575	6,135	59,873
Louisiana	2,528	53,977	2,126	34,929	3,635	2,242	1,601	4,210	9,890	95,358
Maine	691	9,715	726	8,201	54	45	362	895	1,833	18,856
Maryland	3,008	49,601	2,261	44,608	1,435	858	1,027	2,909	7,731	97,976
Massachusetts .	3,750	58,859	3,089	62,043	509	405	1,482	3,175	8,830	124,482
Michigan	5,203	79,444	5,870	112,260	1,438	998	2,918	5,993	15,429	198,695
Minnesota	2,472	47,829	2,711	44,551	181	135	942	2,834	6,306	95,349
Mississippi	1,079	22,059	1,045	14,820	558	324	1,096	2,483	3,778	39,686
Missouri	3,684	52,357	2,938	51,393	922	606	1,146	3,137	8,690	107,493
Montana	439	8,993	438	5,318	19	11	222	647	1,118	14,969
Nebraska	1,378	23,887	789	13,294	92	60	427	1,169	2,686	38,410
Nevada	313	8,361	508	6,461	8	6	597	2,996	1,426	17,824
New Hampshire .	710	10,923	449	8,218	67	59	321	891	1,547	20,091
New Jersey	5,111	88,285	4,108	90,787	1,104	1,026	1,242	4,173	11,565	184,271
New Mexico	659	13,188	604	10,852	67	43	376	1,165	1,706	25,248
New York	10,433	178,340	8,736	190,586	1,375	1,146	4,509	11,537	25,053	381,609
North Carolina ..	4,572	62,583	2,779	47,997	2,543	1,335	2,575	5,296	12,469	117,211
North Dakota ...	437	9,310	398	5,834	3	3	210	867	1,048	16,014
Ohio	7,830	116,361	5,881	106,900	2,359	1,678	2,404	7,339	18,474	232,278
Oklahoma	1,828	38,043	1,428	25,500	299	184	1,269	3,365	4,824	67,092
Oregon	1,143	24,619	1,361	23,403	63	43	603	1,676	3,170	49,741
Pennsylvania ...	9,513	123,047	6,095	109,211	3,395	2,437	3,090	8,719	22,093	243,414
Rhode Island ...	738	10,776	754	9,634	112	87	279	551	1,883	21,048
South Carolina ..	2,735	32,540	1,908	26,941	2,020	1,199	1,105	2,611	7,768	63,291
South Dakota ...	493	9,152	327	4,495	4	3	155	540	979	14,190
Tennessee	2,966	47,571	2,955	43,739	1,863	1,039	1,639	4,152	9,423	96,501
Texas	9,225	196,116	8,137	138,389	2,793	1,773	5,202	14,798	25,357	351,076
Utah	677	18,164	1,012	10,905	68	39	438	1,325	2,195	30,433
Vermont	352	5,123	276	4,097	24	21	149	412	801	9,653
Virginia	3,629	60,773	3,727	58,751	1,990	1,201	2,012	5,247	11,358	125,972
Washington	1,899	43,471	2,322	37,944	122	78	873	2,212	5,216	83,705
West Virginia ...	1,102	14,222	909	14,042	477	313	604	1,555	3,092	30,132
Wisconsin	3,300	49,290	2,879	40,358	351	279	998	2,890	7,528	92,817
Wyoming	273	5,973	259	4,099	3	3	130	397	665	10,472
Total U.S.	146,355	$2,544,275	126,628	$2,219,573	49,737	$31,354	64,386	$170,659	387,106	$4,965,861

Note: "Credit" is limited to life insurance on loans of 10 years' or less duration. "Ordinary" and "Group" include credit life insurance on loans of more than 10 years' duration.

*Includes group credit certificates.

Source: American Council of Life Insurance.

Life Insurance In Force in the United States by Type and Geographic Division 1983 (000,000 omitted)

Division	Ordinary	Group	Industrial	Credit	Total
New England	$ 136,527	$ 133,024	$ 805	$ 8,087	$ 278,443
Middle Atlantic	389,672	390,584	4,609	24,429	809,294
East North Central	440,293	436,010	5,478	27,792	909,573
West North Central	213,992	166,899	1,080	12,402	394,373
South Atlantic	414,041	354,743	9,060	32,394	810,238
East South Central	141,740	115,766	4,357	12,728	274,591
West South Central	308,246	212,485	4,372	23,735	548,838
Mountain	139,865	98,918	374	12,601	251,758
Pacific	359,899	311,144	1,219	16,491	688,753
United States	$2,544,275	$2,219,573	$31,354	$170,659	$4,965,861

Note: "Credit" is limited to life insurance on loans of 10 years' or less duration. "Ordinary" and "Group" include credit life insurance on loans of more than 10 years' duration.

Source: American Council of Life Insurance.

A study of U.S. legal reserve life insurance companies found that the six largest companies, each with assets of $10 billion or more as of 1980, represented 36.1% of the life insurance in force at the end of 1981 and 25.2% of the ordinary life insurance in force. Companies with asset rankings from $1 billion to $9 billion as of 1980 accounted for 23.2% of the total life insurance in force and 26.5% of the ordinary in force in 1981.

Participating insurance accounted for $2,959.7 billion, or 49.1%, of all life insurance in force with U.S. companies at the end of 1983. With this type of life insurance a policyholder receives, in the form of annual dividends, the portion of the premium that is not needed by the company for death payments to beneficiaries, additions to reserves or administrative expenses. The remaining $3,065.8 billion, or 50.9%, of life insurance in force was nonparticipating, which has generally lower premium rates but does not provide for policy dividends. Participating life insurance accounted for 42.8% and nonparticipating, 57.2% of total ordinary insurance in force in U.S. companies.

Mutual life insurance companies, which have no stockholders, and whose boards of directors are elected by their policyholders, provided $2,521.5 billion, or 41.8%, of total life insurance in force with U.S. life companies at the end of 1983. Stock life insurance companies, which are owned by their stockholders, accounted for $3,504.0 billion, or 58.2%, of total life insurance in force at the end of 1983. In general, mutual companies sell participating insurance, and stock companies sell nonparticipating insurance. Mutual companies accounted for 50.3% of total group life. Stock life companies provided 70.3% of the total industrial life insurance in force, and they also accounted for 76.0% of credit life in force.

Life Insurance In Force in the United States by Plan

	1977			1981		
Plan of Insurance	Number of Policies* (000 omitted)	Amount (000,000 omitted)	% of Amount	Number of Policies* (000 omitted)	Amount (000,000 omitted)	% of Amount
ORDINARY						
Whole Life						
Straight Life, Premium Paying	60,300	$ 616,900	47.8	68,600	$ 934,100	47.2
Limited Payment Life, Premium Paying	28,300	123,500	9.6	25,400	152,200	7.7
Paid-Up	20,200	45,200	3.5	22,900	61,500	3.1
Endowment	11,900	52,200	4.1	9,100	52,000	2.6
Retirement Income With Insurance	2,400	21,700	1.7	1,800	18,200	0.9
Term						
Extended	5,600	20,700	1.6	6,900	30,900	1.6
Regular						
Decreasing	6,100	114,800	8.9	6,600	153,700	7.8
Other	4,700	147,400	11.4	7,300	401,000	20.3
Other						
Decreasing	—	79,600	6.2	—	87,600	4.4
Other	—	67,300	5.2	—	86,900	4.4
Total Ordinary	139,500	$1,289,300	100.0	148,600	$1,978,100	100.0
GROUP						
Term						
Decreasing	2,000	$ 35,600	3.2	2,300	$ 54,500	2.9
Other	102,000	1,071,800	96.1	118,600	1,824,900	96.6
Permanent						
Whole Life						
Premium Paying	1,100	6,200	0.6	1,100	7,500	0.4
Paid-Up	500	1,100	0.1	600	1,400	0.1
Endowment	†	100	††	†	100	††
Retirement Income	†	300	††	†	200	††
Total Group	105,600	$1,115,100	100.0	122,600	$1,888,600	100.0
INDUSTRIAL						
Whole Life						
Straight Life, Premium Paying	9,100	$ 6,100	15.6	7,800	$ 5,200	15.1
Limited Payment Life, Premium Paying	19,400	13,400	34.4	11,800	8,700	25.2
Paid-Up	27,300	13,200	33.8	26,800	15,100	43.7
Endowment	4,900	2,400	6.1	3,900	2,000	5.8
Term						
Extended	5,000	3,200	8.2	4,800	3,200	9.3
Regular						
Decreasing	†	‡	††	—	—	—
Other	100	100	0.3	100	100	0.3
Other						
Decreasing	—	100	0.3	—	‡	††
Other	—	500	1.3	—	200	0.6
Total Industrial	65,800	$ 39,000	100.0	55,200	$ 34,500	100.0
CREDIT (TERM)	79,300	$ 139,400	100.0	73,100	$ 162,400	100.0
TOTAL LIFE INSURANCE IN FORCE	390,200	$2,582,800	100.0	399,500	$4,063,600	100.0

Note: "Ordinary" and "Group" include credit life insurance on loans of more than 10 years' duration. "Credit" is limited to life insurance on loans of 10 years' or less duration. In 1981, there were 3,000,000 ordinary policies in force under reduced paid-up options which totaled $5,000,000,000. For reporting purposes, the basic portion of combination plans is listed under the appropriate plan while the additional term portion, by rider or otherwise, is listed under term plans.

*Includes group certificates. †Less than 50,000. ††Less than .05%. ‡Less than $50,000,000.

Source: American Council of Life Insurance.

The data in this chapter do not include life insurance in force in the United States issued by other private insurers, including fraternal societies, and by the federal government. The total life insurance in force, including that issued by these other sources, amounted to nearly $5.1 trillion at the end of 1983. If this amount were divided equally among American families, each would have $55,500 of coverage. Some 157 million people were insured by some form of life insurance at year-end 1983.

A survey of life insurance in force by plan at year-end 1981 showed that within ordinary insurance ownership, whole life policies accounted for the highest proportion of the amount in force. The size of the average whole life policy in force has increased since 1977 by 36.0%, reaching $9,820 in 1981. However, as a percentage of total ordinary in force, whole life declined from 60.9% in 1977 to 58.0% in 1981. Endowment and retirement income policies also declined, accounting for 3.5% of the ordinary in force in 1981, compared with 5.8% in 1977. During the same time period, ordinary term plans increased as a share of the total, from 33.3% to 38.5%. An 8.9 percentage point increase in the proportion of level and increasing term plans caused the greatest impact on the growth over the three-year period. Term riders and term portions of combination plans together showed a decline, from 11.4% of the ordinary in force in 1977 to 8.8% in 1981.

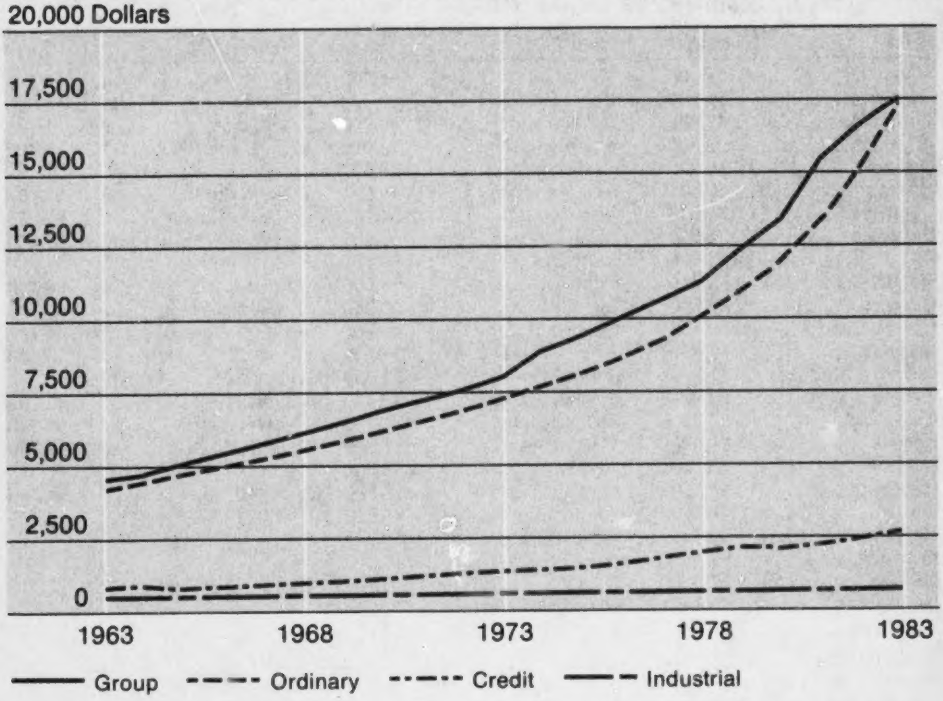
Average Size Life Insurance Policy In Force In the United States

Year	Ordinary	Group	Industrial	Credit
1920	$ 1,990	$ 960	$150	$ 200
1930	2,460	1,700	210	200
1940	2,130	1,700	240	150
1950	2,320	2,480	310	360
1960	3,600	4,030	390	680
1965	4,660	5,060	450	850
1966	4,940	5,360	450	840
1967	5,150	5,730	470	870
1968	5,450	6,070	480	910
1969	5,770	6,470	490	950
1970	6,110	6,910	500	1,000
1971	6,440	7,170	520	1,080
1972	6,790	7,530	530	1,190
1973	7,230	8,010	540	1,300
1974	7,690	8,840	550	1,310
1975	8,090	9,360	570	1,410
1976	8,610	10,010	580	1,580
1977	9,240	10,550	590	1,760
1978	10,010	11,260	600	1,950
1979	10,890	12,350	610	2,120
1980	11,920	13,410	620	2,110
1981	13,310	15,400	630	2,220
1982	15,140	16,630	630	2,410
1983	17,380	17,530	630	2,650

Note: "Credit" is limited to life insurance on loans of 10 years' or less duration. "Ordinary" and "Group" include credit life insurance on loans of more than 10 years' duration.

Sources: *Spectator Year Book* and American Council of Life Insurance.

Average Size Life Insurance Policy in Force in the United States



Life Insurance and Disposable Personal Income Per Family in the United States

Year	Life Insurance Per Insured Family	Life Insurance Per Family	Disposable Personal Income Per Family	Year	Life Insurance Per Insured Family	Life Insurance Per Family	Disposable Personal Income Per Family
1930	N.A.	$ 2,800	$ 2,500	1971	$25,500	$21,700	$10,800
1935	N.A.	2,400	1,600	1972	26,900	22,900	11,400
1940	N.A.	2,700	1,700	1973	28,800	24,400	12,600
1945	$ 5,200	3,200	3,200	1974	31,200	26,500	13,300
1950	6,000	4,600	4,100	1975	33,000	28,100	14,400
1955	8,700	6,900	5,100	1976	35,000	30,100	15,300
1960	12,700	10,200	6,100	1977	37,700	32,400	16,500
1965	17,800	14,600	7,700	1978	40,800	35,100	17,900
1966	19,000	15,800	8,200	1979	44,800	38,500	19,600
1967	20,300	17,100	8,700	1980	47,300	41,500	21,400
1968	21,500	18,300	9,200	1981	53,200	45,700	22,700
1969	22,800	19,400	9,700	1982	57,300	49,300	24,000
1970	24,400	20,700	10,300	1983	63,000	54,200	25,500

Note: Some data are revised. "Families" here include the units defined by the Bureau of the Census as families, subfamilies and unrelated individuals; these numbered 91,696,000 in 1983. The average amounts shown above are arithmetic means.

N.A. = Not available.

Sources: *Spectator Year Book,* American Council of Life Insurance, Life Insurance Marketing and Research Association and U.S. Department of Commerce.

Average Amount of Life Insurance In Force Per Family by State and by Region 1983

State	Amount	State	Amount	Region	Amount
Alabama	$ 54,100	Montana	$45,000	North East	$56,300
Alaska	61,500	Nebraska	60,000	New England	55,900
Arizona	47,400	Nevada	45,900	Middle Atlantic	56,400
Arkansas	39,900	New Hampshire	52,000		
California	49,900	New Jersey	65,600		
Colorado	60,600	New Mexico	48,100	North Central	57,100
Connecticut	70,000	New York	54,900	E. N. Central	57,200
Delaware	83,800	North Carolina	49,900	W. N. Central	57,000
D.C.	113,000	North Dakota	59,100		
Florida	42,700	Ohio	56,900	South	53,400
Georgia	59,500	Oklahoma	50,900	South Atlantic	53,100
Hawaii	69,300	Oregon	43,700	E. S Central	49,700
Idaho	47,500	Pennsylvania	53,000	W. S. Central	55,800
Illinois	61,200	Rhode Island	55,000		
Indiana	53,700	South Carolina	52,400	West	49,700
Iowa	57,500	South Dakota	51,400	Mountain	51,800
Kansas	57,800	Tennessee	54,800	Pacific	48,900
Kentucky	43,100	Texas	58,500		
Louisiana	58,600	Utah	54,300	United States	54,200
Maine	41,400	Vermont	44,500		
Maryland	59,500	Virginia	60,300		
Massachusetts	53,400	Washington	46,300		
Michigan	57,700	West Virginia	40,800		
Minnesota	58,800	Wisconsin	50,900		
Mississippi	42,900	Wyoming	52,100		
Missouri	54,400				

Note: The average amounts per family are arithmetic means. "Family" includes primary families, subfamilies and unrelated individuals.

Source: American Council of Life Insurance.

Life Insurance In Force In U.S. Life Insurance Companies (000,000 omitted)

Year	Number of Policies*	Amount	Year	Number of Policies*	Amount
1900	14	$ 8,562	1968	389	$1,266,151
1905	22	13,364	1969	399	1,381,101
1910	30	16,404	1970	402	1,506,472
1915	43	22,777	1971	405	1,620,343
1920	68	42,281	1972	413	1,760,350
1925	101	71,690	1973	417	1,922,311
1930	128	107,948	1974	426	2,144,580
1935	124	100,730	1975	428	2,312,283
1940	137	117,794	1976	429	2,530,767
1945	167	155,723	1977	448	2,788,679
1950	210	242,018	1978	449	3,107,513
1955	266	389,081	1979	458	3,507,495
1960	308	618,189	1980	516	4,055,933
1965	359	958,623	1981	614	4,977,804
1966	372	1,051,701	1982	612	5,459,975
1967	378	1,155,619	1983	615	6,025,540

Note: Totals represent all life insurance in force with U.S. life companies (including both direct business and reinsurance acquired, and without deducting reinsurance ceded, which amounted to $1,170 billion in 1983), whether the policyholders are residents of the United States or of some other country. Figures include credit life insurance.

*Includes group certificates.

Sources: *Spectator Year Book* and American Council of Life insurance.

Ordinary Life Insurance

Ordinary life insurance protection in the United States increased to $2,544.3 billion at the end of 1983, up 14.8% in one year and more than two and one-half times the amount in force at the end of 1973. Purchases in 1983 totaled $753.4 billion, an increase of $168.0 billion over the previous year.

Ordinary life is the most widely used form of life insurance protection. At year-end 1983, ordinary life accounted for 51.2% of all life insurance in force in the U.S. Ordinary life insurance is typically purchased through life insurance agents and issued under individual policies with face amounts of $1,000 or more, with $5,000 a common minimum. Ordinary life can be broken down into two basic types of protection, whole life (permanent) and term insurance.

Ordinary Life Insurance In Force

In the United States (000,000 omitted)

Year	No. of Policies	Amount	Year	No. of Policies	Amount
1895	2	$ 4,170	1970	120	$ 734,730
1900	3	6,124	1971	123	792,318
1905	5	9,585	1972	126	853,911
1910	6	11,783	1973	128	928,192
1915	9	16,650	1974	131	1,009,038
1920	16	32,018	1975	134	1,083,421
1925	23	52,892	1976	137	1,177,672
1930	32	78,576	1977	139	1,289,321
1935	33	70,684	1978	142	1,425,095
1940	37	79,346	1979	146	1,585,878
1945	48	101,550	1980	148	1,760,474
1950	64	149,116	1981	149	1,978,080
1955	80	216,812	1982	146	2,216,388
1960	95	341,881	1983	146	2,544,275
1965	107	499,638			

In U.S. Life Insurance Companies (000,000 omitted)

Year	No. of Policies	Amount	Year	No. of Policies	Amount
1900	3	$ 7,093	1970	125	$ 777,163
1905	5	11,054	1971	128	839,767
1910	7	13,227	1972	131	906,255
1915	10	18,249	1973	134	983,388
1920	16	33,451	1974	137	1,071,369
1925	24	54,549	1975	140	1,153,160
1930	33	79,729	1976	143	1,257,738
1935	33	71,937	1977	147	1,382,356
1940	39	81,006	1978	151	1,535,982
1945	49	104,355	1979	156	1,722,106
1950	66	154,394	1980	216	2,086,569
1955	83	225,554	1981	264	2,571,344
1960	99	355,608	1982	252	2,861,783
1965	111	522,694	1983	243	3,234,716

Note: Data include individual credit life insurance on loans of more than 10 years' duration. Totals for "In the United States" represent all life insurance (net of reinsurance) on residents of the United States, whether issued by U.S. or foreign companies. Totals for "In U.S. Life Insurance Companies" represent all life insurance in force with U.S. companies (including both direct business and reinsurance acquired, and without deducting reinsurance ceded) whether the policyholders are residents of the United States or of some other country.

Sources: *Spectator Year Book* and American Council of Life Insurance.

Whole life insurance offers more than death protection. Unlike term policies, whole life insurance builds cash value that can help families meet financial emergencies, pay for special goals or provide income for retirement years.

Cash value of life insurance policies is a by-product of the level premium system of whole life insurance. As the mortality rate increases with age, the cost of life insurance increases. However, under the level premium approach, the annual premium remains the same, despite the increasing risk of death.

Although the premium charged in the earlier years is higher than the actual cost of the insurance, in later years it is substantially lower than the actual cost of protection. The excess amount of each premium in the early years is held in reserve, which along with interest earned and future level premiums, assures that

Mass-Marketed Ordinary Life Insurance In Force By Type and by Size of Insured Group 1983

	Number of Groups	Number of Members*	Insurance in Force		Average Amount of Insurance Per Member
			Amount	% of Amount	
TYPE OF GROUP					
Related to Employment or Occupation					
Employer-Employee	7,220	356,000	$ 5,226,000,000	19.5	$14,680
Union and Joint Employer-Union	380	2,000	19,000,000	.1	9,500
Multiple Employer Trusts	400	2,000	68,000,000	.3	34,000
Professional Society	80	154,000	3,344,000,000	12.5	21,714
Employee Association	80	140,000	2,504,000,000	9.3	17,886
Other—Related to Employee Benefit Program	130	13,000	265,000,000	1.0	20,385
Other—Not Related to Employee Benefit Program	20	2,000	38,000,000	.1	19,000
Total	8,310	669,000	$11,464,000,000	42.8	17,136
Not Related to Employment or Occupation					
Fraternal Society	1,960	82,000	$ 256,000,000	1.0	3,122
Savings or Investment Group	60	30,000	517,000,000	1.9	17,233
Credit Card Holders	10	716,000	8,950,000,000	33.4	12,500
Mortgage Insurance	1,510	245,000	4,086,000,000	15.2	16,678
Students	140	79,000	744,000,000	2.8	9,418
Credit Unions	1,500	20,000	532,000,000	2.0	26,600
Other	2,160	67,000	249,000,000	.9	3,716
Total	7,360	1,239,000	$15,334,000,000	57.2	12,376
Total All Groups	15,650	1,908,000	$26,798,000,000	100.0	14,045
SIZE OF GROUP					
Fewer than 10 Members	N.A.	62,000	620,000,000	2.3	10,000
10-24 Members	N.A.	30,000	375,000,000	1.4	12,500
25-99 Members	N.A.	147,000	1,190,000,000	4.5	8,095
100-499 Members	N.A.	238,000	3,221,000,000	12.0	13,534
500 or More Members	N.A.	1,431,000	21,392,000,000	79.8	14,949
Total All Groups	15,650	1,908,000	$26,798,000,000	100.0	14,045

Note: Data by type of group are estimated on the basis of reports from life insurance companies having 92% of the total amount of mass-marketed ordinary life insurance in force in the United States (excluding credit life) at year-end 1983; and data by size of group are estimated from companies having 83%.

*Includes duplication where individuals are included in more than one group.

N.A. = Not available.

Source: American Council of Life Insurance.

funds will be available to cover the increasing risk of death as the policyholder grows older. The policyholder who decides to give up the protection by surrendering the policy is entitled to a share of the company's reserves. The measure of this share is the cash value.

Term insurance policies offer protection only and most do not build up cash value. The premiums are lower than whole life policies of the same amounts, but increase with each renewal of the term policy, reflecting higher mortality rates at older ages.

Surveys of life insurance in force by plan show that among ordinary insurance, permanent policies account for the highest proportion, 61.5% in 1981. Term insurance, including the term portion of combination plans, is an increasing proportion of all ordinary insurance, rising from 33.3% in 1977 to 38.5% in 1981.

One form of ordinary life insurance that has come into wider use in recent years is mass-marketed, wholesale insurance. It is sold on an individual basis to members of a group, usually as term life insurance policies with automatic renewal provisions. (In contrast, group life insurance is issued in the form of a master policy, under which certificates are issued to the individuals covered.) At year-end 1983, $26.8 billion of mass-marketed wholesale ordinary life was in force in the United States. New issues of mass-marketed ordinary that year amounted to $7.8 billion.

A survey of mass-marketed ordinary life insurance in force at year-end 1983 shows that coverage of employer-employee and professional society groups accounted for 32.0% of the total amount of mass-marketed ordinary in force. The average amount of insurance for all employees with coverage related to employment or occupation was $17,136.

For policyholders with coverage not related to employment or occupation, the average amount of coverage was $12,376. Credit card holders accounted for 33.4% of the amount in force, while policyholders with mortgage insurance and students accounted for an additional 18.0%.

Several innovative forms of ordinary life insurance have been introduced in recent years, among them variable, universal, adjustable and variable premium life.

Distribution of the Amount of Ordinary Life Insurance In Force In the United States by Plan of Insurance

Year	Whole Life	Other Permanent*	Term	Total
1954	65.5%	18.3%	16.2%	100.0%
1957	65.8	13.9	20.3	100.0
1962	66.1	9.5	24.4	100.0
1966	65.9	7.3	26.8	100.0
1970	64.3	7.2	28.5	100.0
1974	63.0	6.0	31.0	100.0
1977	60.9	5.8	33.3	100.0
1981	58.0	3.5	38.5	100.0

Note: Data for missing years not available.

*Includes endowment and retirement income policies.

Source: American Council of Life Insurance.

The assets underlying benefits of variable life insurance are held in separate accounts invested primarily in equity-type securities. The death payment increases or decreases depending on investment results, but there is a guaranteed minimum death benefit.

By the end of 1983, $13.9 billion of variable life insurance was in force in the United States. Nearly $7.4 billion was purchased in 1983. Sale of this form is specifically authorized in all fifty states; it is not authorized in the District of Columbia.

Adjustable life insurance allows an individual to switch protection from term insurance to whole life and back again, as needs change. The adjustable life policy is flexible; its holder can, within limits, raise or lower the face amount of the policy, increase or decrease the premium, and lengthen or shorten the protection period.

Variable premium life is another new "inflation-era" whole life type of protection. As inflation rises, driving interest rates higher and increasing investment income, the premium decreases.

Universal life insurance, first introduced in 1979, is another approach to life insurance—an attempt to make it "inflation-proof." Universal life is a flexible premium policy that allows the policyholder to change the death benefit from time to time and vary the amount or timing of premium payments. Premiums are credited under the policy; mortality charges and expense charges are deducted and interest is credited at rates which may change from time to time. The cash value at any time reflects these credits and charges. Some $123.5 billion of universal life insurance was in force in the United States at year-end 1983. Sales during 1983 totaled $89.9 billion.

Ordinary life is principally used for family protection but it is also widely used for business purposes. Life insurance may be used by a business to protect against the economic loss to the firm that would be caused by the death of the owner or of a key employee.

Variable and Universal Life Insurance In Force (000 omitted)

	Variable Life Insurance		Universal Life Insurance	
Year	Policies	Amount	Policies	Amount
		In U.S. Companies		
1976	2	$ 46,541	—	—
1977	6	168,632	—	—
1978	8	224,497	—	—
1979	12	382,716	N.A.	N.A.
1980	27	965,576	N.A.	N.A.
1981	92	3,720,739	61	$ 4,868,293
1982	192	7,636,076	500	40,439,550
		In the United States		
1983	341	13,885,000	1,537	123,517,000

N.A. = Not available.

Note: Excludes reinsurance assumed

Source: American Council of Life Insurance.

Group Life Insurance

At the end of 1983, group life insurance in the United States totaled $2,219.6 billion. This amount represented a 7.4% increase in one year and is triple the amount at the end of 1973. Group protection amounted to 44.7% of life insurance in force in the United States at the end of 1983.

Group life insurance set up under new or revised group contracts in the United States in 1983 totaled $271.6 billion. About one-half of the group life purchased in 1983 was issued under new contracts. The other half represents increases under "old" contracts to cover additional groups of employees or to provide higher benefit levels. Group life insurance is a near-universal employee benefit in the United States.

Group Life Insurance In Force

In the United States (000 omitted)

Year	No. of Master Policies	No. of Certificates	Amount	Year	No. of Master Policies	No. of Certificates	Amount
1912	*	12	$ 13,000	1971	312	82,320	$ 589,883,000
1915	*	120	100,000	1972	326	85,102	640,689,000
1920	6	1,600	1,570,000	1973	338	88,385	708,322,000
1925	12	3,200	4,247,000	1974	359	93,567	827,018,000
1930	19	5,800	9,801,000	1975	378	96,693	904,695,000
1935	18	6,400	10,208,000	1976	404	100,138	1,002,647,000
1940	23	8,800	14,938,000	1977	437	105,649	1,115,047,000
1945	31	11,500	22,172,000	1978	495	110,445	1,243,994,000
1950	56	19,288	47,793,000	1979	559	114,893	1,419,418,000
1955	89	31,649	101,345,000	1980	586	117,762	1,579,355,000
1960	169	43,602	175,903,000	1981	631	122,611	1,888,612.000
1965	234	60,930	308,078,000	1982	636	124,279	2,066,361,000
1970	304	79,844	551,357,000	1983	635	126,628	2,219,573,000

In U.S. Life Insurance Companies (000 omitted)

Year	No. of Master Policies	No. of Certificates	Amount	Year	No. of Master Policies	No. of Certificates	Amount
1912	*	12	$ 13,000	1971	325	102,313	$ 639,441,000
1915	*	122	100,000	1972	336	103,398	697,422,000
1920	6	1,700	1,636,000	1973	349	107,977	772,134,000
1925	12	3,221	4,299,000	1974	369	112,123	896,505,000
1930	20	5,791	9,859,000	1975	388	115,928	978,920,000
1935	19	6,191	10,395,000	1976	422	119,078	1,082,217,000
1940	22	8,833	15,063,000	1977	448	121,924	1,198,107,000
1945	31	11,507	22,501,000	1978	506	126,697	1,333,623,000
1950	56	21,944	49,330,000	1979	571	132,820	1,529,910,000
1955	92	35,234	105,657,000	1980	618	138,038	1,719,284,000
1960	182	51,212	187,323,000	1981	808	189,594	2,155,637,000
1965	247	74,728	330,836,000	1982	903	200,913	2,346,642,000
1970	318	97,693	593,675,000	1983	826	223,483	2,531,573,000

Note: Data include group credit life insurance on loans of more than 10 years' duration. Totals for "In the United States" represent all life insurance (net of reinsurance) on residents of the United States, whether issued by U.S. or foreign companies. Totals for "In U.S. Life Insurance Companies" represent all life insurance in force with U.S. companies (including both direct business and reinsurance acquired, and without deducting reinsurance ceded), whether the policyholders are residents of the United States or of some other country.

*Fewer than 500 policies.

Sources: *Spectator Year Book* and American Council of Life Insurance.

Many group life plans provide for coverage on the lives of dependents of group members. Many also extend employees' group protection after retirement, usually in reduced amounts. Coverage on dependents totaled nearly $63.7 billion at the end of 1983.

One form of group insurance is group mortgage insurance issued through lending agencies. At year-end 1983, there was $39.8 billion of group mortgage insurance in force in the United States.

A recent development in the area of group life insurance concerns survivor benefits. Benefits are normally described as a continuing monthly payment to the surviving spouse. Payments may extend for life or to the age at which Social Security retirement payments become available, but cease on remarriage. Contingent benefits to dependent children in the event of the spouse's death are also available. The initial value of these survivor benefits can range from three to 10 times an employee's annual salary. Group life insurance in force represented by these survivor benefits amounted to $37.7 billion at year-end 1983.

A survey of group life insurance in force at year-end 1983 shows that 76.2% of the master policies covered employer-employee groups, accounting for 88.1% of the total amount of group life insurance in force. The average coverage per employee was $26,331.

Plans administered by unions, or jointly by unions and employers, accounted for 0.7% of the master policies and 2.1% of the total amount of group insurance at the end of 1983, with coverage per employee averaging $7,953. Multiple employer trusts represented 2.1% of the amount in force and averaged $16,818 of coverage per member.

Professional societies, employee associations and other groups indirectly related to employment or occupation accounted for 0.5% of the master policies and 3.4% of the total group amount. Savings or investment groups accounted for 3.9% of the master policies.

Employee and Dependent Coverage Under Group Life Insurance in the United States 1983

	Number of Master Policies	Amount
PURCHASED DURING YEAR		
Primary Coverage, Employee and Other	174,000	$ 256,529,000,000
Survivor Benefit Coverage	N.A.	1,402,000,000
Dependent Coverage	8,030*	6,161,000,000
Mortgage Insurance Issued Through a Lending Agency	630	7,517,000,000
Total	174,630	$ 271,609,000,000
IN FORCE AT END OF YEAR		
Primary Coverage, Employee and Other	629,340	$2,078,406,000,000
Survivor Benefit Coverage	N.A.	37,671,000,000
Dependent Coverage	45,880*	63,651,000,000
Mortgage Insurance Issued Through a Lending Agency	5,640	39,845,000,000
Total	634,980	$2,219,573,000,000

*These policies cover employees as well as dependents and are also included with employee master policies.

N.A. = Not available.

Source: American Council of Life Insurance.

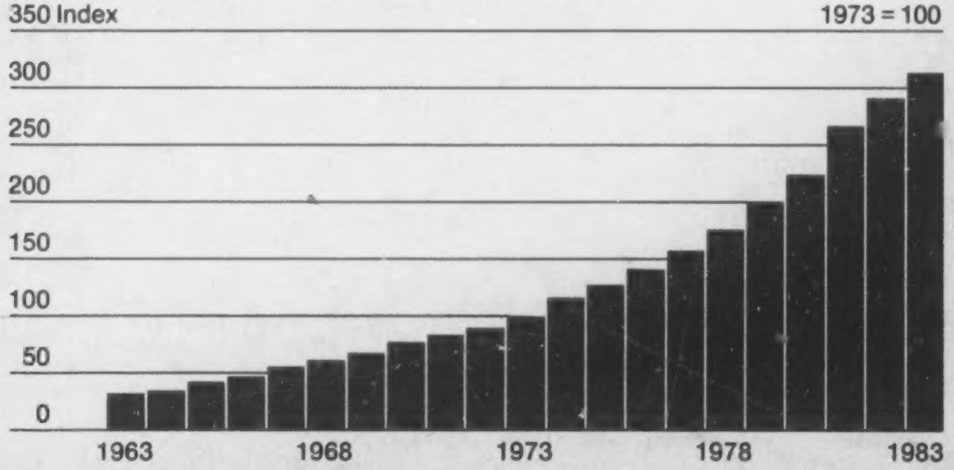
Group Life Insurance in Force by Type and by Size Of Insured Group in the United States 1983

	Number of Master Units	Number of Members (000 omitted)	Insurance in Force		Average Amount of Insurance Per Member
			Amount (000,000 omitted)	% of Amount	
TYPE OF GROUP					
Related to Employment or Occupation					
Employer-Employee	483,810	62,092	$1,634,942	88.1	$26,331
Union and Joint Employer-Union	4,360	4,967	39,504	2.1	7,953
Multiple Employer Trusts	110,600	2,335	39,271	2.1	16,818
Professional Society	780	678	28,047	1.5	41,367
Employee Association	1,130	1,364	32,141	1.7	23,564
Other—Related to Employee Benefit Program	860	419	3,963	0.2	9,458
Other—Not Related to Employee Benefit Program	120	15	52	•	3,467
Total	601,660	71,870	$1,777,920	95.7	24,738
Not Related to Employment or Occupation					
Fraternal Society	210	151	$ 2,115	0.1	14,007
Savings or Investment Group	25,070	35,823	28,796	1.6	804
Credit Card Holders	70	102	1,328	0.1	13,020
Mortgage Insurance	5,640	1,990	39,845	2.2	20,023
Other	2,330	370	4,842	0.3	13,086
Total	33,320	38,436	$ 76,926	4.3	2,001
Total All Groups	634,980	110,306	$1,854,846	100.0	16,815
SIZE OF GROUP					
Fewer Than 10 Members	N.A.	2,349	$ 26,434	1.4	11,253
10-24 Members	N.A.	3,805	42,670	2.3	11,214
25-99 Members	N.A.	9,598	124,809	6.7	13,004
100-499 Members	N.A.	12,293	175,006	9.5	14,236
500 or More Members	N.A.	82,261	1,485,927	80.1	18,064
Total All Groups	634,980	110,306	$1,854,846	100.0	16,815

Note: Data exclude dependent coverage, Federal Employees' Group Life Insurance, and Servicemen's Group Life Insurance. Group credit life insurance on loans of over 10 years' duration is included.

•Less than .05%. N.A. = Not available. Source: American Council of Life Insurance.

Growth of Group Life Insurance in the United States



Industrial Life Insurance

Industrial life insurance policies are issued for small amounts, usually less than $1,000, and the premiums generally are paid weekly or monthly to an agent who calls at the policyholder's home. Nine out of 10 industrial policies in force have cash value elements.

Total industrial life insurance coverage in the United States was $31.4 billion at the end of 1983. This amount reflected a decrease of $1.4 billion in the year. The average size industrial life insurance policy in force was $630 in 1983.

Purchases of industrial life insurance in 1983 amounted to $1.4 billion, down $510 million from the previous year.

Industrial insurance represented 0.6% of all legal reserve life insurance in force in the U.S. at the end of 1983, compared with 5.6% two decades before. This decline has been due largely to the economic gains of American workers, who need and now can buy more life insurance protection than industrial policies normally provide. The increased availability of group life insurance through one's

Industrial Life Insurance In Force

In the United States (000,000 omitted)

Year	No. of Policies	Amount
1895	7	$ 818
1900	11	1,449
1905	17	2,278
1910	23	3,125
1915	32	4,279
1920	48	6,948
1925	71	12,318
1930	86	17,963
1935	81	17,471
1940	85	20,866
1945	101	27,675
1950	108	33,415
1955	112	39,682
1960	100	39,563
1965	89	39,818
1970	77	$38,644
1971	76	39,202
1972	76	39,975
1973	75	40,632
1974	71	39,441
1975	70	39,423
1976	67	39,175
1977	66	39,045
1978	64	38,080
1979	62	37,794
1980	58	35,994
1981	55	34,547
1982	52	32,766
1983	50	31,354

In U.S. Life Insurance Companies (000,000 omitted)

Year	No. of Policies	Amount
1900	11	$ 1,469
1905	17	2,310
1910	23	3,177
1915	33	4,428
1920	50	7,190
1925	74	12,824
1930	89	18,287
1935	84	18,297
1940	87	21,344
1945	104	28,497
1950	111	34,391
1955	115	40,798
1960	102	40,446
1965	91	40,498
1970	79	$39,179
1971	77	39,708
1972	77	40,455
1973	76	41,087
1974	72	39,877
1975	71	39,825
1976	68	39,574
1977	67	39,418
1978	65	38,444
1979	63	38,211
1980	62	40,061
1981	60	39,050
1982	67	41,345
1983	64	39,698

Note: Totals for "In the United States" represent all life insurance (net of reinsurance) on residents of the United States, whether issued by U.S. or foreign companies. Totals for "In U.S. Life Insurance Companies" represent all life insurance in force with U.S. companies (including both direct business and reinsurance acquired, and without deducting reinsurance ceded), whether the policyholders are residents of the United States or of some other country.

Sources: *Spectator Year Book* and American Council of Life Insurance.

employer has also been an important factor. On the other hand, industrial life insurance, as well as a sizable segment of ordinary life insurance which is on a debit basis, continues to fill a definite need of many lower-income families.

Home Service Life Insurance. In recent years, industrial life insurance and monthly debit ordinary have come to be known as home service life insurance. Both of these types of policies are individual insurance serviced by agents who call at the policyholder's home to collect the premiums. (Monthly debit ordinary insurance is also included in the data on ordinary life insurance in this book.)

The volume of home service insurance in force declined for the first time last year. Total coverage with U.S. life insurance companies amounted to $159.9 billion by year-end 1983, 2.7% of all life insurance in force with U.S. life companies.

Home Service Life Insurance In Force

U.S. Life Insurance Companies (000,000 omitted)

	Monthly Debit Ordinary		Industrial		Total	
Year	No. of Policies	Amount	No. of Policies	Amount	No. of Policies	Amount
1970	33	$ 73,569	79	$39,179	112	$112,748
1971	33	77,974	77	39,708	110	117,682
1972	33	81,867	77	40,455	110	122,322
1973	34	84,760	76	41,087	110	125,847
1974	34	87,785	72	39,877	106	127,662
1975	34	91,985	71	39,825	105	131,810
1976	34	98,135	68	39,574	102	137,709
1977	34	102,307	67	39,418	101	141,725
1978	34	106,461	65	38,444	99	144,905
1979	35	111,537	63	38,211	98	149,748
1980	36	115,364	62	40,061	98	155,425
1981	36	124,318	60	39,050	96	163,368
1982	35	122,451	67	41,345	102	163,796
1983	33	120,170	64	39,698	97	159,868

Note: Totals represent all life insurance in force with U.S. companies (including both direct business and reinsurance acquired, and without deducting reinsurance ceded), whether the policyholders are residents of the United States or of some other country. Data for monthly debit ordinary are included in the aggregate data for ordinary on pages 14-26.

Source: American Council of Life Insurance.

Credit Life Insurance

Credit life insurance, used to repay a debt in case the borrower dies, increased in 1983, as a result of the general economic upturn and more consumer borrowing. The amount of credit life in force in the United States totaled $170.7 billion at year-end, an increase of $9.5 billion from the previous year.

Credit life is term insurance, generally decreasing in amount as a loan is repaid. It protects the borrower's family, as well as the lender, against the unpaid debt that may be left at death. It is commonly a part of consumer credit contracts. Life companies issue credit insurance through such lenders as banks, finance companies, credit unions and retailers, who in turn make arrangements with the borrowers. The credit life insurance total includes protection of 10 years' or less duration issued through lenders.

Credit Life Insurance In Force

In the United States (000 omitted)

Year	No. of Policies and Certificates	Amount	Year	No. of Policies and Certificates	Amount
1917	1	*	1972	78,439	$ 93,410,000
1920	22	$ 4,000	1973	77,574	101,154,000
1925	81	18,000	1974	83,860	109,623,000
1930	363	73,000	1975	79,708	112,032,000
1935	559	101,000	1976	78,230	123,569,000
1940	2,563	380,000	1977	79,259	139,402,000
1945	2,110	365,000	1978	83,725	163,081,000
1950	10,819	3,844,000	1979	84,435	179,250,000
1955	27,900	14,493,000	1980	78,446	165,215,000
1960	43,087	29,101,000	1981	73,055	162,356,000
1965	62,599	53,020,000	1982	66,758	161,144,000
1970	77,516	77,392,000	1983	64,386	170,659,000
1971	76,041	81,931,000			

In U.S. Life Insurance Companies (000 omitted)

Year	No. of Policies and Certificates	Amount	Year	No. of Policies and Certificates	Amount
1917	1	*	1972	101,820	$116,218,000
1920	22	$ 4,000	1973	99,453	125,702,000
1925	81	18,000	1974	105,228	136,829,000
1930	363	73,000	1975	101,710	140,378,000
1935	559	101,000	1976	98,057	151,238,000
1940	2,568	381,000	1977	100,117	168,798,000
1945	2,124	370,000	1978	106,773	199,464,000
1950	10,992	3,903,000	1979	106,611	217,268,000
1955	32,985	17,072,000	1980	101,622	210,019,000
1960	55,650	34,812,000	1981	100,759	211,773,000
1965	82,197	64,595,000	1982	92,066	210,205,000
1970	101,786	96,455,000	1983	85,186	219,553,000
1971	97,730	101,427,000			

Note: "Credit" shown above is limited to life insurance on loans of 10 years' or less duration. Totals for "In the United States" represent all life insurance (net of reinsurance) on residents of the United States, whether issued by U.S. or foreign companies. Totals for "In U.S. Life Insurance Companies" represent all life insurance in force with U.S. companies (including both direct business and reinsurance acquired, and without deducting reinsurance ceded), whether the policyholders are residents of the United States or of some other country.

*Less than $500,000.

Source: American Council of Life Insurance.

Life Insurance and American Families

A national survey conducted in 1976 for the American Council of Life Insurance and the Life Insurance Marketing and Research Association provides an inventory of life insurance coverage of adults and families and other households in the United States.

At year-end 1976, 2 out of 3 individuals in the U.S. had some form of life insurance coverage. Adult men were the most frequently insured, with 80% having some type of coverage; 78% were the primary policyholder. Sixty-five percent of adult women were insured; 54% as primary policyholders. Over half (57%) of all children were protected; the majority were covered as dependents.

The average (mean) amount of life insurance in force on a man in 1976 was $29,000; on a woman, $7,680; and on a child $2,640. Adult men with their own policies (i.e., not covered as dependents) paid an average annual premium of $256. The average premium for women owning their own policies was $78 per year.

Life insurance purchased by an individual through a life insurance agent covered 54% of American adults; 59% of men and 50% of women. In 1976, the average amounts of agent-marketed individual life insurance owned by adult males and females were $19,210 and $5,240, respectively.

Some form of life insurance was held by 80% of U.S. household heads. The average amount of coverage per insured head in 1976 was $26,730. Life insurance purchased by an individual through an agent was owned by 59% of household heads, while employee group life insurance provided protection for 42%. A larger percentage of male household heads had group coverage (48%) than did female heads (21%). The average amounts of group insurance owned by male and female household heads were $20,830 and $8,550, respectively. Group insurance protected 59% of household heads employed full-time; the highest incidence of coverage (71%) occurring in households whose total income was in the $20,000 to $24,999 range.

The survey showed that life insurance ownership was most prevalent in households where the head was in the 30 to 34 age group; one or more household members were insured in 91% of those households. The total amount of insurance owned by members of covered households in 1976 averaged $49,320, with one-third of such households insured for $50,000 or more.

In 69% of households headed by persons 65 and over, one or more persons were protected by some form of life insurance; however, in two-thirds of covered households policies totaled less than $5,000.

Families where both husband and wife are present comprise approximately 62% of all American households. Of these husband-wife families, the head was most frequently insured (91%) when there was a child or children under age 18 living at home. The average amount of coverage for insured husbands in these families in 1976 was $37,600, while the average coverage for the entire family was $48,110. Sixty-seven percent of heads of husband-wife families with children under 18 owned agent-marketed individual life insurance; the average amount of coverage was $23,500.

Ownership of Life Insurance by Adults 1976

Percent of Adults Insured by Type of Life Insurance

	All Types of Life Insurance		Agent-Marketed Individual Life Insurance		Employee Group Life Insurance	
Total Adult	72%		54%		31%	
Men	80		59		42	
Women	65		50		21	
Age	Male	Female	Male	Female	Male	Female
18-24	63%	57%	43%	39%	21%	21%
25-29	83	65	57	45	50	29
30-34	90	76	67	60	57	28
35-44	88	71	65	53	54	31
45-54	89	68	65	51	57	25
55-64	87	68	63	60	46	17
65 and Older	68	55	56	49	17	5
Total Life Insurance Coverage (All Adults)						
$100,000 or more	2%		1%		†	
$50,000-$99,999	5		2		2%	
$25,000-$49,999	9		4		3	
$15,000-$24,999	8		5		4	
$ 5,000-$14,999	21		16		14	
Less than $5,000	27		26		8	
	72%		54%		31%	
Average Amount of Coverage						
Total Adult	$18,720		$12,280		$16,250	
Men	29,000		19,210		20,620	
Women	7,680		5,240		8,620	
Wives	8,470		5,980		8,900	
Children	2,640		2,450		2,310	

Note: "All Types of Life Insurance" includes coverage with legal reserve life insurance companies, Veterans life insurance, and life insurance issued by savings banks, fraternal organizations, mutual aid and burial societies, and similar types of coverage. "Agent-Marketed Individual Life Insurance" comprises ordinary and/or industrial life insurance individually purchased through an agent.

†Less than 0.5%.

Source: A national consumer survey conducted in 1976 for the American Council of Life Insurance and the Life Insurance Marketing and Research Association.

Ownership of Life Insurance by Households 1976

Percent of Households in Which at Least One Member Owns Life Insurance

	All Types of Life Insurance	Agent-Marketed Individual Life Insurance	Employee Group Life Insurance
All Households	83%	65%	46%
Male Head	88	69	52
Female Head	67	52	24
All Families	88%	70%	51%
Husband-Wife Families	90	71	55
With Children Under 18	93	73	63
Without Children Under 18	88	70	47
Individual Heads	64%	46%	25%

Note: "All Types of Life Insurance" includes coverage with legal reserve life insurance companies, Veterans life insurance, and life insurance issued by savings banks, fraternal organizations, mutual aid and burial societies, and similar types of coverage. "Agent-Marketed Individual Life Insurance" comprises ordinary and/or industrial life insurance individually purchased through an agent.

Source: A national consumer survey conducted in 1976 for the American Council of Life Insurance and the Life Insurance Marketing and Research Association.

ANNUITIES

The number of annuities in force with U.S. life insurance companies under individual and supplementary contracts totaled 9.2 million at the end of 1983, an increase of 813,000, or 9.7%, during the year.

Individual annuities accounted for 8.5 million of the total, an increase of 860,000, or 11.2%, from 1982. The growth was due largely to continued purchases of annuities for individual pension plans, made possible by the 1974 federal pension legislation, the Employee Retirement Income Security Act. This follows an increase of 25.8% during 1982, and an increase of 22.2% in 1975, the first full year that the pension law was in effect.

Annual income now payable or to be paid in the future under individual annuities amounted to $16.6 billion in 1983, an increase of $2.9 billion over 1982. Individually purchased annuities, such as Keogh plans or tax-sheltered type plans, are also discussed in the chapter on pension plans with life insurance companies (page 51).

Many supplementary contracts provide life income from life insurance policy proceeds. By year-end 1983, there were 616,000 supplementary contract life annuities in force with life insurance companies, providing current or future annual income of $553 million to annuitants.

Annuities provide protection against the possibility of outliving one's financial resources. They can be set up to pay income currently or in the future at regular intervals, usually monthly. Most annuities are intended to provide guaranteed retirement income of a predetermined amount, most often for life.

There are several sources of annuity plans. They are available on a group basis, most often as pension plans set up by employers with life insurance companies, or they can be purchased individually through a life insurance agent. The cash surrender, matured endowment values, or the death benefit of individual life insurance policies may also be used to set up an annuity. Group annuities with life insurance companies are covered in the chapter on pension plans (page 51).

Individual Annuities and Supplementary Contracts In Force 1983

U.S. Life Insurance Companies

	Individual Annuities		Supplementary Contracts	
	Number	Annual Income	Number	Annual Income
Income Now Payable	571,000	$ 945,000,000	602,000	$537,000,000
Income Deferred But Fully Paid	3,642,000	6,575,000,000	14,000	16,000,000
Income Deferred But Not Fully Paid	4,333,000	9,084,000,000	*	**
Total	8,546,000	$16,604,000,000	616,000	$553,000,000

Note: Data for supplementary contracts represent only those with life contingencies.

*Fewer than 500. **Less than $500,000.

Source: American Council of Life Insurance.

Variable Annuities. The variable annuity, all or part of which may be based on common stock investments or related to a cost of living or other index, was first developed in the 1950s. Part or all of the funds normally placed in common stocks or other investments are maintained in a separate investment account. Considerably more investment latitude is permitted with funds in separate accounts than with life insurance investments generally. With one type of variable annuity, income payments are fixed and guaranteed once they begin, although the initial size depends upon the value of the fund. With another, the income payments themselves vary with the current value of the investments on which the annuity is based. Many plans provide for a combination of fixed and variable incomes under one contract.

Survey data for year-end 1983 showed that there were 2.6 million persons covered by life insurance company variable annuity plans in the United States. Over 2.5 million of these persons were covered by plans with equity-based benefits.

Annualized income paid in 1983 amounted to $306.8 million, $81.2 million under the variable payment portion and $225.6 million under the fixed portion. In addition, many persons have plans which provide a variable benefit if the variable payment option is exercised prior to retirement as specified in the contract.

Included in individual plans were 210,830 Individual Retirement Accounts with $406.3 million in variable and $474.8 million in other reserves.

Variable Annuity Plans in the United States 1983

(Dollar Amounts in Thousands)

	Group Plans				Total
	Equity Fund Index	Other Indices	Total Group	Individual Plans	(Group and Individual)
IN FORCE YEAR-END 1983					
No. of Plans	38,150	620	38,770	—	—
No. of Persons	1,520,060	79,640	1,599,700	1,029,350	2,629,050
Reserves					
Variable	$ 4,721,900	$ 635,620	$ 5,357,520	$6,056,780	$11,414,300
Other	7,326,300	491,220	7,817,520	2,843,590	10,661,110
Total	$12,048,200	$1,126,840	$13,175,040	$8,900,370	$22,075,410
CONSIDERATIONS IN 1983					
Variable	$ 514,370	$ 41,180	$ 555,550	$1,171,250	$ 1,726,800
Other	782,250	67,910	850,160	430,550	1,280,710
Total	$1,296,620	$109,090	$1,405,710	$1,601,800	$ 3,007,510
VARIABLE ANNUITIES IN COURSE OF PAYMENT 1983					
No. of Persons Receiving Payments Year-End 1983	24,880	12,420	37,300	14,090	51,390
Annualized Income					
Variable	$ 32,940	$ 40,690	$ 73,630	$ 7,550	$ 81,180
Fixed	165,600	40,110	205,710	19,870	225,580
Total	$ 198,540	$ 80,800	$ 279,340	$ 27,420	$ 306,760

Note: The table includes variable and fixed data on plans which provide variable annuity benefits either in whole or in part. Numbers of plans and active lives under plans which provide an option for a variable annuity payout at retirement are not included. For 1983 there were 880 such groups covering 126,090 persons, and 33,610 individual plans.

Source: American Council of Life Insurance.

LIFE INSURANCE AND ANNUITY BENEFIT PAYMENTS

Americans received $51.9 billion in payments from life insurance policies and annuities during 1983, an 8.1% increase over 1982.

These payments, increasing steadily for many years, reflect the growing use of life insurance, not only in providing funds for the family whose breadwinner dies but for family financial needs during the policyholder's lifetime.

Since the majority of payments to beneficiaries, as well as payments to policyholders and annuitants, are made well after the time of purchase, life insurance benefit payments have not yet fully reflected the increase in life insurance and annuity purchases of the past two decades.

Several factors affect the pattern of life insurance benefit payments. Primary among them are the changes in the death rate among policyholders and the growth of group life insurance and other term insurance policies which do not incorporate a cash value.

These figures do not include $2.7 billion of benefits paid by other organizations issuing legal reserve life insurance, including fraternal societies, and by the federal government.

Life Insurance and Annuity Benefit Payments

In the United States (000,000 omitted)

	Life Policyholders and Beneficiaries							
Year	Death Payments	Matured Endowments	Disability Payments	Surrender Values	Policy Dividends	Total	Annuity Payments	Grand Total
1940....	$ 995	$ 269	$104	$ 652	$ 468	$ 2,488	$ 176	$ 2,664
1945....	1,279	407	88	211	466	2,451	216	2,667
1950....	1,590	495	100	592	627	3,404	327	3,731
1955....	2,241	614	110	896	1,021	4,882	501	5,383
1960....	3,346	673	124	1,663	1,512	7,288	830	8,118
1965....	4,832	931	163	1,932	2,259	10,117	1,300	11,417
1966....	5,218	982	169	2,120	2,416	10,905	1,437	12,342
1967....	5,665	1,017	175	2,243	2,596	11,696	1,598	13,294
1968....	6,209	967	196	2,456	2,803	12,631	1,754	14,385
1969....	6,758	953	205	2,722	2,967	13,605	1,920	15,525
1970....	7,017	978	233	2,887	3,214	14,329	2,120	16,449
1971....	7,423	990	257	2,882	3,300	14,852	2,325	17,177
1972....	8,007	1,001	271	3,027	3,640	15,946	2,628	18,574
1973....	8,572	1,025	317	3,418	3,948	17,280	3,033	20,313
1974....	8,885	991	375	3,642	4,208	18,101	3,351	21,452
1975....	9,192	946	426	3,763	4,544	18,871	3,665	22,536
1976....	9,593	976	458	4,148	5,017	20,192	4,419	24,611
1977....	10,196	932	495	4,309	5,263	21,195	5,267	26,462
1978....	11,108	916	533	4,520	5,674	22,751	5,863	28,614
1979....	11,766	913	554	5,473	6,131	24,837	7,548	32,385
1980....	12,884	908	592	6,678	6,785	27,847	10,195	38,042
1981....	14,154	883	627	7,961	7,838	31,463	12,021	43,484
1982....	15,066	839	574	10,779	7,922	35,180	12,814	47,994
1983....	15,660	824	566	12,605	8,641	38,296	13,564	51,860

Note: Figures represent benefit payments under original policy contracts, including benefits that are left with the companies for future payment under supplementary contracts, but excluding payments from existing supplementary contracts. See page 46 for supplementary contract payments and page 47 for health insurance benefits paid by life companies. Annuity payments include death, surrender, disability and dividend payments.

Source: American Council of Life Insurance.

Life Insurance and Annuity Benefit Payments

In the United States by State 1983 (000 omitted)

State	Death Payments	Matured Endowments	Annuity Payments	Disability Payments	Surrender Values	Policy and Contract Dividends	Total
Alabama	$ 245,700	$ 8,800	$ 75,400	$ 7,600	$ 187,600	$ 121,200	$ 646,300
Alaska	29,800	800	13,500	400	14,500	13,800	72,800
Arizona	170,600	7,900	163,700	6,500	137,500	112,500	598,700
Arkansas	112,400	5,200	48,200	4,300	89,700	64,600	324,400
California	1,508,100	64,700	1,626,700	55,700	1,163,100	879,400	5,297,700
Colorado	209,900	8,800	149,200	5,700	190,000	146,000	709,600
Connecticut	286,300	15,000	349,800	8,200	219,800	191,400	1,070,500
Delaware	62,600	2,700	30,900	1,900	35,400	33,900	167,400
D. C.	96,100	2,900	58,700	1,600	33,700	43,600	236,600
Florida	733,300	40,800	587,400	26,900	579,600	422,600	2,390,600
Georgia	377,800	13,300	112,800	11,800	271,000	185,400	972,100
Hawaii	66,800	3,400	78,800	2,400	65,500	51,100	268,000
Idaho	45,800	2,000	35,200	1,300	42,600	35,400	162,300
Illinois	899,200	59,200	611,100	25,700	733,000	689,000	3,017,200
Indiana	356,100	22,700	254,100	16,500	352,700	281,200	1,283,300
Iowa	190,300	14,400	145,400	15,500	230,500	209,700	805,800
Kansas	158,400	9,900	106,900	6,100	144,300	130,600	556,200
Kentucky	190,200	9,900	107,700	8,100	145,200	117,500	578,600
Louisiana	299,300	8,900	113,800	10,000	210,600	161,200	803,800
Maine	59,500	5,200	47,000	2,600	58,000	51,700	224,000
Maryland	346,700	18,100	179,600	7,700	227,700	199,200	979,000
Massachusetts	403,800	22,300	476,600	11,100	325,600	318,600	1,558,000
Michigan	653,900	32,000	545,300	38,600	526,900	409,400	2,206,100
Minnesota	223,300	14,200	210,200	10,600	250,600	200,600	909,500
Mississippi	113,800	4,300	32,700	3,800	95,000	63,000	312,600
Missouri	325,700	17,900	217,000	12,600	243,200	220,900	1,037,300
Montana	46,700	2,700	26,100	1,300	39,300	30,700	146,800
Nebraska	102,800	6,700	78,900	4,700	118,600	104,300	416,000
Nevada	58,600	1,900	34,100	1,300	36,400	27,200	159,500
New Hampshire	62,400	4,500	40,600	2,100	49,100	52,900	211,600
New Jersey	680,500	36,400	534,600	21,200	481,400	470,800	2,224,900
New Mexico	73,900	3,000	62,100	2,100	51,200	41,000	233,300
New York	1,340,200	77,200	1,098,600	48,900	942,600	1,073,600	4,581,100
North Carolina	340,500	16,800	172,500	10,000	304,800	198,300	1,042,900
North Dakota	34,300	2,200	18,300	1,100	40,000	30,300	126,200
Ohio	780,600	51,800	633,300	36,900	789,300	547,600	2,839,500
Oklahoma	196,400	8,000	120,500	6,100	143,300	122,000	596,300
Oregon	140,000	7,500	145,900	4,400	138,800	93,000	529,600
Pennsylvania	892,700	65,400	648,200	36,000	696,700	715,300	3,054,300
Rhode Island	62,500	3,800	54,300	2,600	62,900	58,200	244,300
South Carolina	188,300	8,400	66,600	6,200	134,600	84,300	488,400
South Dakota	34,500	2,500	20,300	1,600	43,600	31,800	134,300
Tennessee	291,600	12,200	164,000	9,900	228,000	182,400	888,100
Texas	1,016,900	32,400	597,800	27,100	785,500	474,800	2,934,500
Utah	77,800	3,500	55,800	2,200	78,800	56,300	274,400
Vermont	29,400	3,300	23,300	900	25,700	29,500	112,100
Virginia	398,900	17,800	177,900	8,600	281,300	211,700	1,096,200
Washington	223,300	12,300	249,400	10,200	206,300	165,500	867,000
West Virginia	107,800	5,700	56,600	5,100	62,700	69,400	307,300
Wisconsin	282,000	21,500	227,500	11,400	267,500	255,800	1,065,700
Wyoming	31,700	1,300	19,500	600	23,300	20,700	97,100
Total U.S.	$15,659,700	$824,100	$11,704,400	$565,700	$12,605,000	$10,500,900	$51,859,800

Note: Totals for annuity payments and dividend payments differ from those shown on pages 5, 37 and 44 because annuity dividends in this table are included with policy dividends rather than with annuity payments.

Source: American Council of Life Insurance.

Payments to Beneficiaries

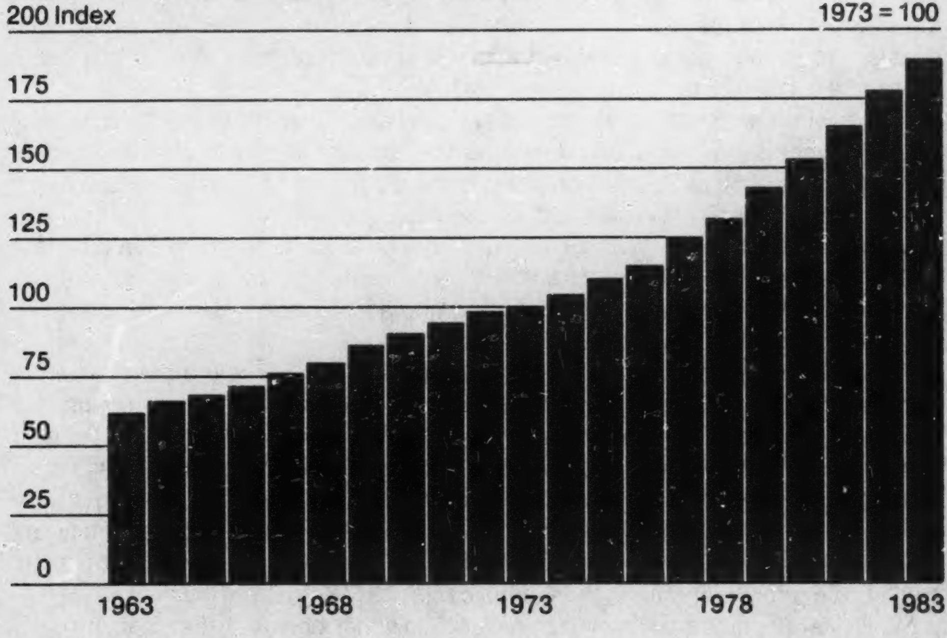
The main reason people buy life insurance is to protect their dependents against financial hardship when the policyholder dies. The extent to which American families depend upon life insurance to provide this economic protection was documented in a survey of widows some years ago, which showed that life insurance of some type was owned by 92% of the husbands. Individually purchased policies bought from legal reserve companies were owned by 7 out of 10 husbands.

Nationally, the growth in the level of life insurance ownership has been the primary reason for the almost uninterrupted rise in life insurance death payments over the years, despite a generally downward trend in death rates among life insurance policyholders.

During 1983, life insurance companies paid $15.7 billion to beneficiaries of policyholders who died. Of this total, ordinary life insurance policies accounted for 46.7% of the payments and provided $7.3 billion. Group life insurance payments to beneficiaries totaled nearly $7.3 billion. Group life insurance has grown as a proportion of total death payments, accounting for 46.3% of death payments in 1983, compared to 39.4% in 1973. Payments to beneficiaries from industrial life insurance came to some $407 million in 1983. Benefits paid under short-term individual and group credit life insurance policies (life insurance on loans of 10 years' or less duration) were $628 million in 1983.

The largest amount of death payments in 1983 by state was made in California—$1.5 billion. New York ranked second with $1.3 billion.

Relative Growth in Average Size Life Insurance Death Benefit Payments in the United States



Payments to Life Insurance Beneficiaries in the United States

(No. in Thousands, Amount in Millions)

	Ordinary		Group		Industrial		Credit*		Total	
Year	No.	Amount	No.	Amount	No.	Amount	No.	Amount	No.	Amount
1940	267	$ 729	50	$ 104	707	$162	—	—	1,024	$ 995
1945	370	897	92	171	856	212	—	—	1,318	1,280
1950	403	1,090	133	283	843	217	—	—	1,379	1,590
1955	489	1,380	243	591	929	270	—	—	1,661	2,241
1960	630	1,904	394	1,115	1,014	327	—	—	2,038	3,346
1965	784	2,604	636	1,824	1,082	403	—	—	2,502	4,831
1966	815	2,750	683	2,058	1,079	410	—	—	2,577	5,218
1967	832	2,961	721	2,288	1,060	416	—	—	2,613	5,665
1968	930	3,210	746	2,578	1,039	421	—	—	2,715	6,209
1969	955	3,424	769	2,898	1,025	436	—	—	2,749	6,758
1970	960	3,545	767	3,027	1,014	445	—	—	2,741	7,017
1971	987	3,699	761	3,267	1,017	457	—	—	2,765	7,423
1972	1,036	4,004	810	3,537	1,040	466	—	—	2,886	8,007
1973	1,057	4,222	541	3,377	1,018	477	398	$496	3,014	8,572
1974	1,068	4,340	590	3,580	974	472	377	493	3,009	8,885
1975	1,076	4,439	591	3,807	922	462	337	484	2,926	9,192
1976	1,090	4,635	580	3,991	933	475	322	492	2,925	9,593
1977	1,081	4,879	571	4,334	911	475	307	508	2,870	10,196
1978	1,123	5,312	592	4,738	928	488	318	570	2,961	11,108
1979	1,103	5,548	601	5,127	881	480	309	611	2,894	11,766
1980	1,172	6,094	637	5,671	873	493	285	626	2,967	12,884
1981	1,210	6,640	668	6,374	806	477	324	663	3,008	14,154
1982	1,226	6,993	645	6,953	771	464	331	656	2,973	15,066
1983	1,239	7,306	663	7,256	765	470	252	628	2,919	15,660

*Prior to 1973 death payments under Credit Life Insurance are included with Ordinary and Group.

Source: American Council of Life Insurance.

Analyses of death payments indicate that members of policyholders' immediate families are the beneficiaries of most of the proceeds from all types of life insurance. Most other payments go to relatives outside the immediate family, with smaller proportions going to estates and trusts, business firms and partners, and to educational, charitable and other institutions.

The most recent study of benefit payments showed that in April 1981, 25% of all death payments from ordinary life insurance were on the lives of policyholders under the age of 50, 55% were on policyholders aged 50 to 74, and 20% were on the lives of persons 75 years old or older.

Most payments to beneficiaries are taken in a lump sum. However, some beneficiaries elect to leave the proceeds with the insurance companies at interest. Another choice of settlement, under both group and ordinary insurance, is to take an income for life or for a specified period.

The 1981 survey from which these conclusions are drawn is the most recent in a series of 12 periodic surveys of payments to beneficiaries under ordinary life insurance policies. A comparison of these studies reveals shifts in some aspects of payments to beneficiaries. For example, the size of payments upon death under ordinary life insurance policies has been growing, reflecting the increasing size of policies in force. When the first survey was taken in 1948, payments to beneficiaries of $10,000 or more were made on only 5.6% of the policies. By the 1981 survey, the proportion more than doubled to 12.3%.

Many life insurance policies provide an additional benefit if the policyholder's death is accidental. During 1983, life insurance companies' payments under accidental death clauses totaled $276 million.

Payments to Life Insurance Beneficiaries

In the United States by State 1983

	Ordinary*		Group**		Industrial		Total	
State	No.	Amount (000 omitted)	No.	Amount (000 omitted)	No.	Amount (000 omitted)	No.	Amount (000 omitted)
Alabama	16,500	$ 103,700	16,000	$ 119,700	72,500	$ 22,300	105,000	$ 245,700
Alaska	1,000	10,000	2,300	19,600	300	200	3,600	29,800
Arizona	12,600	90,500	9,700	78,200	2,600	1,900	24,900	170,600
Arkansas	9,300	60,500	6,400	50,000	3,500	1,900	19,200	112,400
California	87,900	702,600	84,100	786,900	25,700	18,600	197,700	1,508,100
Colorado	12,300	104,100	12,500	103,800	2,800	2,000	27,600	209,900
Connecticut	20,900	124,800	16,200	157,100	5,300	4,400	42,400	286,300
Delaware	3,800	28,900	2,700	32,000	2,800	1,700	9,300	62,600
D.C.	3,200	18,800	7,900	73,700	6,300	3,600	17,400	96,100
Florida	76,200	413,500	35,900	291,800	51,400	28,000	163,500	733,300
Georgia	34,400	176,900	20,300	177,200	40,600	23,700	95,300	377,800
Hawaii	3,500	31,400	5,100	35,400	100	†	8,700	66,800
Idaho	3,700	23,400	3,300	21,800	900	600	7,900	45,800
Illinois	76,400	438,700	53,000	431,200	39,100	29,300	168,500	899,200
Indiana	30,300	164,300	21,500	176,700	23,000	15,100	74,800	356,100
Iowa	18,100	105,300	10,500	82,200	3,700	2,800	32,300	190,300
Kansas	15,100	89,200	8,400	66,100	4,500	3,100	28,000	158,400
Kentucky	19,500	86,900	12,500	93,000	18,800	10,300	50,800	190,200
Louisiana	18,200	141,200	16,800	143,000	28,500	15,100	63,500	299,300
Maine	5,700	27,800	4,800	30,600	1,400	1,100	11,900	59,500
Maryland	24,200	138,400	19,600	196,200	19,200	12,100	63,000	346,700
Massachusetts	37,100	186,800	24,500	206,900	12,800	10,100	74,400	403,800
Michigan	43,700	243,800	46,100	392,900	24,100	17,200	113,900	653,900
Minnesota	17,400	108,200	14,000	112,000	4,000	3,100	35,400	223,300
Mississippi	8,100	55,800	7,700	55,500	5,000	2,500	20,800	113,800
Missouri	33,100	161,500	19,200	153,800	15,000	10,400	67,300	325,700
Montana	3,100	25,900	3,000	20,500	400	300	6,500	46,700
Nebraska	9,600	62,800	4,800	38,600	1,900	1,400	16,300	102,800
Nevada	2,500	21,600	4,600	36,800	300	200	7,400	58,600
New Hampshire	5,200	31,100	3,200	29,900	1,600	1,400	10,000	62,400
New Jersey	52,500	301,200	33,200	358,800	24,400	20,500	110,100	680,500
New Mexico	4,400	33,900	4,300	39,400	800	600	9,500	73,900
New York	110,100	642,100	65,000	667,400	38,600	30,700	213,700	1,340,200
North Carolina	33,600	164,300	20,400	161,700	29,100	14,500	83,100	340,500
North Dakota	2,600	18,200	2,400	16,000	100	100	5,100	34,300
Ohio	66,400	354,700	45,500	393,100	47,600	32,800	159,500	780,600
Oklahoma	14,600	99,000	10,300	95,000	3,700	2,400	28,600	196,400
Oregon	9,300	61,400	9,900	77,600	1,400	1,000	20,600	140,000
Pennsylvania	91,700	403,500	55,600	441,700	65,100	47,500	212,400	892,700
Rhode Island	6,700	31,200	4,100	29,000	2,900	2,300	13,700	62,500
South Carolina	22,400	86,000	11,800	88,000	29,300	14,300	63,500	188,300
South Dakota	3,400	20,100	2,100	14,400	100	†	5,600	34,500
Tennessee	24,700	128,900	19,000	149,400	26,800	13,300	70,500	291,600
Texas	64,600	495,900	54,000	504,600	27,800	16,400	146,400	1,016,900
Utah	4,700	35,900	5,600	41,100	1,300	800	11,600	77,800
Vermont	2,600	15,000	1,700	13,900	600	500	4,900	29,400
Virginia	29,700	152,800	24,100	230,700	28,600	15,400	82,400	398,900
Washington	13,700	100,800	15,400	120,600	2,700	1,900	31,800	223,300
West Virginia	8,700	42,900	7,100	60,700	7,100	4,200	22,900	107,800
Wisconsin	25,300	142,500	18,100	132,800	8,600	6,700	52,000	282,000
Wyoming	1,700	15,400	1,600	16,300	100	†	3,400	31,700
Total U.S.	1,246,000	$7,324,100	907,800	$7,865,300	764,800	$470,300	2,918,600	$15,659,700

*Includes $19 million in payments to beneficiaries under individual credit life insurance policies on loans of 10 years' or less duration.

**Includes $609 million in payments to beneficiaries under group credit life insurance policies on loans of 10 years' or less duration.

†Less than $50,000.

Source: American Council of Life Insurance.

Analysis of Payments to Life Insurance Beneficiaries in the United States, April 1981

	Percent of Policies			Percent of Amount		
	Ordinary*	Group	Industrial	Ordinary*	Group	Industrial
SEX OF INSURED						
Male	73.2	80.9	41.8	87.8	87.1	44.9
Female	26.8	19.1	58.2	12.2	12.9	55.1
Total	100.0	100.0	100.0	100.0	100.0	100.0
AGE OF INSURED AT DEATH						
Under 25	2.3	4.4	0.9	2.7	3.4	1.7
25-34	2.3	5.2	1.1	5.5	6.9	1.7
35-44	3.5	6.8	2.1	9.3	10.2	2.7
45-54	8.8	16.0	5.3	17.2	22.9	7.2
55-64	19.9	27.9	14.2	24.7	37.6	16.0
65-74	28.1	21.0	27.4	20.8	12.4	26.3
75 or Older	35.1	18.7	49.0	19.8	6.6	44.4
Total	100.0	100.0	100.0	100.0	100.0	100.0
RELATIONSHIP OF BENEFICIARY TO INSURED						
Husband	9.6	7.0	12.9	4.6	6.1	13.2
Wife	47.2	52.9	24.1	53.6	59.9	26.2
Child or Children	16.8	16.2	37.9	9.6	11.1	37.0
Other Relatives	13.0	11.1	18.6	8.2	9.7	17.8
Estate or Trust	4.8	6.2	3.2	7.6	6.7	2.9
Institution	0.6	3.2	0.6	1.7	2.9	0.5
All Other	8.0	3.4	2.7	14.7	3.6	2.4
Total	100.0	100.0	100.0	100.0	100.0	100.0
DURATION OF POLICY WHEN IT BECAME A CLAIM						
Less Than 1 Year	1.7	—	0.6	5.1	—	1.0
1 to 5 Years	5.6	—	4.3	16.9	—	6.5
5 to 10 Years	7.5	—	5.6	15.2	—	7.1
10 to 20 Years	19.1	—	11.3	22.5	—	12.7
20 to 30 Years	17.6	—	19.0	15.6	—	20.5
30 Years or More	48.5	—	59.2	24.7	—	52.2
Total	100.0	—	100.0	100.0	—	100.0
SEX OF BENEFICIARY						
Male	20.4	18.8	34.5	11.0	14.1	34.9
Female	62.0	67.4	58.4	62.6	69.0	58.0
Both Sexes Represented	5.9	5.7	1.8	5.6	4.6	2.5
All Other	11.7	8.1	5.3	20.8	12.3	4.6
Total	100.0	100.0	100.0	100.0	100.0	100.0
METHOD OF PAYING PROCEEDS						
Lump Sum	97.9	98.3	100.0	96.0	96.2	100.0
Life Income	0.5	0.4	—	0.8	0.9	—
Annuity Certain	0.8	0.7	—	1.2	1.8	—
Held at Interest	0.7	0.4	—	1.7	0.8	—
All Other	0.1	0.2	**	0.3	0.3	**
Total	100.0	100.0	100.0	100.0	100.0	100.0

*Figures exclude individual credit life insurance on loans of 10 years' or less duration.

**Less than .05%.

Source: American Council of Life Insurance.

Payments to Policyholders and Annuitants

Although the basic purpose of life insurance is to provide protection against the economic risks of death, it also generates important values for the individual policyholder. Benefits paid during the lifetime of the policyholder are known as living benefits.

Payments to life insurance policyholders in 1983 totaled $22.6 billion, 59.1% of total life insurance benefit payments in the United States. They consisted of payments from matured endowments, surrender values, disability provisions, and policy dividends.

Matured endowments paid policyholders $824.1 million during the year. Disability payments under life insurance policies totaled $565.7 million, including $284.9 million in direct income payments to disabled policyholders and $280.8 million in waived premiums.

Cash surrender values paid on policies terminated voluntarily during the year amounted to $12.6 billion, an increase of 16.9% over the previous year, but less than one-half the 1982 rate of increase.

Dividends to policyholders accounted for 38.2% of all payments to life insurance policyholders in 1983. These policy dividends amounted to over $8.6 billion. Dividends represent the return to policyholders of part of the payments they have made on policies sold on a participating basis and reflect the portion that was not needed by the company after payments of claims, additions to reserves and administrative expenses.

Annuitants received $13.6 billion in payments and dividends in 1983, up 5.9% from the $12.8 billion paid in 1982.

Based on an analysis of 1980 life insurance and annuity dividend payments (the last year for which data are available), it is estimated that policyholders used 18% of the policy dividend total to help pay their premiums, left 26% with the life companies at interest, used 38% to buy additional life insurance or annuities, and took

Payments to Life Insurance Policyholders in the United States

Year	Amount (000)	% of Total Life Insurance Payments	Year	Amount (000)	% of Total Life Insurance Payments
1940	$1,492,800	60.0	1972	$ 7,939,100	49.8
1945	1,171,300	47.8	1973	8,708,300	50.4
1950	1,813,800	53.3	1974	9,215,600	50.9
1955	2,641,400	54.1	1975	9,679,200	51.3
1960	3,942,000	54.1	1976	10,598,500	52.5
1965	5,285,500	52.2	1977	10,999,000	51.9
1966	5,687,300	52.2	1978	11,643,800	51.2
1967	6,030,300	51.6	1979	13,071,500	52.6
1968	6,421,900	50.8	1980	14,962,800	53.7
1969	6,846,400	50.3	1981	17,309,300	55.0
1970	7,311,700	51.0	1982	20,114,500	57.2
1971	7,429,000	50.0	1983	22,636,100	59.1

Note: Payments to life insurance policyholders include matured endowments, disability payments, surrender values and policy dividends.

Source: American Council of Life Insurance.

18% in cash. The proportion used to purchase additional coverage has been increasing for two decades, whereas the proportion used to pay premiums for existing coverage has declined.

An analysis of benefit payments to holders of matured endowments and of surrender values paid in April 1981 showed that 41% of matured endowment policy proceeds and 82% of the surrender values were paid to policyholders under age 65.

Men received 71.4% of the proceeds from matured endowments and 81.0% of the surrender values.

Whereas almost 84% of the proceeds from matured endowments were paid as a lump sum, more than 97% of the surrender values were paid that way.

Payments to Annuitants in the United States (000 omitted)

Year	Amount	Year	Amount
1940	$ 176,500	1972	$ 2,628,000
1945	216,400	1973	3,032,500
1950	327,200	1974	3,351,600
1955	500,600	1975	3,664,900
1960	830,400	1976	4,419,400
1965	1,299,700	1977	5,267,300
1966	1,436,700	1978	5,862,900
1967	1,598,000	1979	7,548,000
1968	1,753,800	1980	10,194,900
1969	1,920,000	1981	12,020,600
1970	2,120,400	1982	12,813,300
1971	2,324,900	1983	13,564,000

Note: Annuity payments include death, surrender, disability and dividend payments.

Source: American Council of Life Insurance.

Analysis of Payments of Matured Endowments And Surrender Values in the United States

	Matured Endowments				Surrender Values			
	Percent of Policies		Percent of Amount		Percent of Policies		Percent of Amount	
	April 1977	April 1981	April 1977	April 1981	April 1977	April 1981	April 1977	April 1981
SEX OF INSURED								
Male	63.7	58.7	72.4	71.4	70.0	70.0	81.4	81.0
Female	36.3	41.3	27.6	28.6	30.0	30.0	18.6	19.0
Total	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0
AGE OF INSURED AT SETTLEMENT								
Under 25	19.0	21.9	8.6	9.5	20.1	15.2	7.4	5.8
25-34	3.3	4.7	1.5	2.1	25.3	27.9	13.6	14.8
35-44	5.0	5.7	2.6	2.7	16.3	20.8	14.5	18.2
45-54	5.4	3.6	4.3	3.2	13.8	13.8	18.5	19.1
55-64	22.3	18.0	26.1	23.3	12.9	12.6	24.9	23.6
65-74	36.7	34.4	50.9	51.8	7.1	6.5	14.9	13.0
75 or Older	8.3	11.7	6.0	7.4	4.5	3.2	6.2	5.5
Total	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0
DURATION OF POLICY WHEN IT BECAME A CLAIM								
Under 1 Year	0.2	*	0.1	*	0.6	1.0	0.3	0.5
1 to 5 Years	0.5	0.4	0.4	1.1	19.8	17.1	10.5	10.8
5 to 10 Years	1.6	0.9	2.9	1.5	21.4	22.5	19.1	19.6
10 to 20 Years	22.0	16.2	25.7	22.2	25.5	26.6	31.1	31.2
20 to 30 Years	34.4	48.6	36.8	40.2	18.2	19.5	22.5	22.5
30 to 40 Years	27.4	19.1	24.3	23.3	7.0	7.4	9.0	8.9
40 or More Years	13.9	14.8	9.8	11.7	7.5	5.9	7.5	6.5
Total	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0
METHOD OF PAYING PROCEEDS								
Lump Sum	85.7	88.3	74.8	83.5	99.2	99.4	97.0	97.3
Life Income	3.1	2.4	6.8	7.4	0.5	0.2	1.8	1.7
Annuity Certain	0.5	0.4	1.4	0.9	*	*	0.2	0.1
Held at Interest	5.5	3.4	9.7	5.8	0.2	0.1	0.4	0.5
All Other	5.2	5.5	7.3	2.4	0.1	0.3	0.6	0.4
Total	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0

*Less than .05%.

Source: American Council of Life Insurance.

Benefit Payments Under Supplementary Contracts

The role of life insurance in providing security for a family is not necessarily limited to lump sum payment of a policy's proceeds. Settlement options are available from life insurance companies as alternatives to lump sum benefits. Instead of taking the policy's proceeds in cash, many policyholders and beneficiaries have been setting aside millions of dollars in benefits each year under annuity and other plans, or leaving them to draw interest until needed.

During 1983, Americans left $1.0 billion of their life insurance proceeds with life insurance companies under supplementary contracts, compared to $930 million left with the companies the preceding year. Some of the contracts provided a regular income, either for specified periods or for life. With others, the funds were held at interest until called for by the policyholder or beneficiary, with interest being paid to them regularly.

The amount set aside with life companies under supplementary contracts amounted to 4% of all 1983 death payments, matured endowments and surrender value payments under ordinary and group life insurance policies in the United States. At the end of the year, the accumulated policy proceeds set aside under supplementary contracts by Americans amounted to $9.9 billion, $497 million more than the previous year. Life insurance companies paid out $1.4 billion in income from these accumulated funds during 1983.

Use of Life Insurance Benefits Under Supplementary Contracts

In the United States (000,000 omitted)

Year	Benefits Set Aside	Payments From Accumulated Funds
1945	$540	$ 295
1950	680	520
1955	780	720
1960	760	970
1965	920	1,110
1966	920	1,180
1967	940	1,190
1968	890	1,240
1969	840	1,310
1970	790	1,290
1971	870	1,220
1972	870	1,210
1973	$ 940	$1,320
1974	820	1,320
1975	910	1,280
1976	950	1,290
1977	1,080	1,340
1978	1,030	1,440
1979	770	1,490
1980	990	1,620
1981	950	1,660
1982	930	1,410
1983	1,010	1,410

Source: American Council of Life Insurance.

Health Insurance Benefit Payments

A large share of private health insurance for Americans is provided by life insurance companies.

Health insurance has become an important aspect of the services of U.S. life companies. They paid $26.9 billion of the health insurance benefits to Americans in 1983, including $22.8 billion under group contracts and $4.1 billion under individual policies. Total health benefit payments by life companies have increased rapidly in recent years, rising by 43.6% since 1978.

Of the 1983 benefit payments, $21.6 billion was for medical expenses, including hospital and surgical expenses; over $3.3 billion for loss of income (including accidental death and dismemberment payments); and nearly $2.0 billion under dental policies.

These statistics do not include disability payments under life insurance policies and health insurance and accidental death and dismemberment payments by casualty and other health insuring companies, Blue Cross/Blue Shield and similar organizations.

Health Insurance Benefit Payments in the United States

Paid by Life Insurance Companies (000,000 omitted)

Year	Group	Individual	Total
1948	$ 225	$ 101	$ 326
1950	375	119	494
1955	1,064	326	1,390
1960	2,102	531	2,633
1965	3,572	841	4,413
1966	3,927	1,044	4,971
1967	4,306	1,046	5,352
1968	4,947	1,152	6,099
1969	5,746	1,128	6,874
1970	6,840	1,368	8,208
1971	7,721	1,343	9,064
1972	8,225	1,450	9,675
1973	8,820	1,480	10,300
1974	10,500	1,600	12,100
1975	12,410	1,910	14,320
1976	14,090	2,070	16,160
1977	15,230	2,240	17,470
1978	15,636	3,110	18,746
1979	17,525	3,068	20,593
1980	19,759	3,279	23,038
1981	21,049	3,425	24,474
1982	22,288	3,767	26,055
1983	22,799	4,113	26,912

Note: Figures exclude policy dividends.

Sources: American Council of Life Insurance and Health Insurance Association of America.

MAJOR PENSION AND RETIREMENT PROGRAMS

Half of all full-time workers in commerce and industry in the United States and three-fourths of all government civilian personnel are now enrolled in retirement plans other than Social Security. Included are those enrolled in profit-sharing plans that provide retirement income. The number of participants is estimated to be over 50 million.

The term "coverage" with regard to pension plans differs from its use in life and health insurance. In life and health coverage, there is no difference between persons eligible for benefits and those who receive benefits under the specified conditions. The nature of a retirement contract, however, is such that it is difficult to determine the number of potential beneficiaries in relation to "covered" workers.

Unlike life insurance, which provides instant coverage, a private pension plan provides future benefits that generally are contingent on the employee's age and length of service. Also, dependents and survivors, who have only potential income from the plan, are not counted as covered until they actually begin receiving benefits.

However, as in the case of life and health insurance, an individual may be covered by several plans, usually by fulfilling the vesting qualifications under several plans and/or by having primary coverage and being the spouse of a person who is covered.

Private Pension Plans

Private pension plans are those established by private agencies including commercial, industrial, labor and service organizations, nonprofit organizations, nonprofit religious, educational and charitable institutions, and those set up by individuals who have no employment-related coverage.

Pension plans may be self-administered, placed with banks or trust companies, or insured with life insurance companies.

At the end of 1983, plans with life insurance companies covered 32.4 million persons and provided retirement income to 3.2 million individuals.

Government-administered Plans

Government-administered plans, including those for federal civilian employees, state and local government employees and railroad workers, covered an estimated 20.6 million persons at year-end 1983. This figure includes some duplication of coverage under more than one plan; some individuals covered by government plans are also covered by one or more private plans and some individuals in the private sector also may have multiple coverage under private plans.

The most comprehensive government retirement program is the federal Old-Age and Survivors Insurance (OASI) system, which is part of Social Security, a national social insurance program created in 1935. Some 168 million persons had Social Security earnings credits at the end of 1983. Over 151 million of these workers had been in the Social Security program long enough to be fully insured (i.e., if they were to die, the full range of survivor benefits would be available, or if they were age 62, they would qualify for retirement benefits).

Actuarially-funded retirement systems for civilian employees of the United States government cover 4.7 million persons.

The Railroad Retirement System, the only retirement system administered by the federal government for a single private industry, covered 1.4 million persons at year-end 1983, including 990,000 beneficiaries.

State and local government retirement systems covered 14.5 million persons at the end of 1983.

Number of Persons Covered by Major Pension and Retirement Programs

In the United States (000 omitted)

	Private Plans		Government-Administered Plans			
Year	With Life Insurance Companies	Other Private Plans	Railroad Retirement	Federal Civilian Employees†	State and Local Employees	OASI‡
1940	695	3,565	1,349	745	1,552	22,900
1945	1,470	5,240	1,846	2,928	2,008	41,070
1950	2,755	7,500	1,881	1,872	2,894	61,506
1955	4,105	12,290	1,876	2,333	3,927	74,887
1960	5,475	17,540	1,654	2,703	5,160	91,496
1965	7,040	21,060	1,661	3,114	6,780	103,827
1966	7,835	21,710	1,666	3,322	7,210	107,438
1967	8,700	22,330	1,641	3,499	7,594	110,746
1968	9,155	22,910	1,625	3,565	8,012	113,804
1969	9,920	24,410	1,620	3,627	8,303	116,904
1970	10,580	25,520	1,633	3,624	8,591	120,014
1971	10,880	26,580	1,578	3,596	9,079	122,735
1972	11,545	27,400	1,575	3,739	9,563	125,549
1973	12,485	28,700	1,582	4,040	9,850	129,045
1974	13,335	29,240	1,588	4,057	10,635	132,583
1975	15,190	30,300*	1,564	4,171	11,230	135,744
1976	16,965	N.A.	1,572	4,210	12,290	138,633
1977	19,205	N.A.	1,567	4,292	13,124	141,596
1978	21,615	N.A.	1,580	4,380	13,400*	144,260
1979	23,460	N.A.	1,567	4,398	13,680*	147,178
1980	26,080	N.A.	1,533	4,460	13,950*	153,634
1981	27,825	N.A.	1,483	4,566	14,230*	157,569
1982	30,375	N.A.	1,404	4,610	14,504	160,611
1983	32,425	N.A.	1,386	4,683	14,524	161,836

Notes: It is not possible to obtain a total for number of persons covered by pension plans by adding together the figures shown by year. Each series has been derived separately and there are differences in amount of duplication within each series and among the various series and also differences in definition of "coverage" among the series.

Private plans with life insurance companies include persons covered by Keogh plans, tax-sheltered annuities and, after 1974, IRA plans.

Data for "Other Private Plans," compiled by the Social Security Administration, exclude plans for the self-employed, those having vested benefits but not presently employed at the firm where benefits were accrued, and also exclude an estimated number who have vested benefits from employment other than from their current employment.

These data represent various dates during the year, since the fiscal years of the plans are not necessarily the same. Trends from year to year within each series are not affected. The number of persons covered include survivors or dependents of deceased workers and beneficiaries as well as retired workers. Retirement arrangements for members of the armed forces, and provisions for veterans' pensions, are not included.

N.A. = Not Available.

*Estimated.

†Includes members of the U.S. Civil Service Retirement System, the Tennessee Valley Authority Retirement System, the Foreign Service Retirement System, and the Retirement Plan for Employees of the Federal Reserve System, which includes the Bank Plan and the Board of Governors' plan.

‡Includes living workers insured for retirement and/or survivors benefits, including the self-employed, plus dependents of retired workers and survivors of deceased workers who are receiving periodic benefits.

Source: Compiled by the American Council of Life Insurance.

Assets and Reserves of Major Pension and Retirement Programs

In the United States (000,000 omitted)

	Private Plans		Government-Administered Plans			
Year	With Life Insurance Companies	Other Private Plans	Railroad Retirement	Federal Civilian Employees*	State and Local Employees	Old-Age, Survivors and Disability Insurance**
1950	$ 5,600	$ 6,452	$2,553	$ 4,344	$ 5,154	$13,721
1960	18,850	33,138	3,740	10,790	19,600	22,613
1965	27,350	59,185	3,946	16,516	33,100	19,841
1966	29,425	66,170	4,074	17,619	36,900	22,308
1967	32,000	74,240	4,236	18,799	41,500	26,250
1968	34,975	83,072	4,245	20,224	46,300	28,729
1969	37,900	90,579	4,347	21,600	51,800	34,182
1970	41,175	97,011	4,398	23,922	58,200	38,068
1971	46,400	106,419	4,300	26,532	64,800	40,434
1972	52,300	117,530	4,100	29,978	73,400	42,775
1973	56,085	126,531	3,800	32,283	82,700	44,414
1974	60,810	133,731	3,600	35,366	92,400	45,886
1975	72,210	145,166	3,100	39,248	103,700	44,342
1976	88,990	160,414	3,065	44,089	117,300	41,133
1977	101,520	181,509	2,584	50,832	130,800	35,861
1978	119,110	202,237	2,787	57,677	142,573	31,746
1979	139,180	223,465	2,611	65,914	161,649	30,291
1980	165,845	286,800	2,086	75,802	185,226	26,453
1981	190,925	293,200	1,126	86,867	209,444	24,539
1982	225,195	341,600	460	99,462	245,252	24,778†
1983	264,575	409,300	601	114,219	289,731	24,867†

Note: Some data are revised. These data are as of various dates during the year, since the fiscal years of the plans are not necessarily the same. Trends from year to year are not affected.

*Includes members of the U.S. Civil Service Retirement System, the Tennessee Valley Retirement System, the Foreign Service Retirement System, and the Retirement System of the Federal Reserve Banks, which includes the Bank Plan and the Board of Governors' plan.

**Beginning in 1957, assets of Disability Insurance Trust Funds are included. Hospital and Supplementary Medical Insurance is not included.

†Includes funds borrowed from the Hospital Insurance Trust Fund.

Sources: Railroad Retirement Board; Social Security Administration, U.S. Department of Health and Human Services; Securities and Exchange Commission; Federal Reserve System; other administrative agencies; and the American Council of Life Insurance.

Private Pension Plans with Life Insurance Companies

The number of Americans covered by pension plans with life insurance companies totaled 32.4 million at year-end 1983, an increase of 2.0 million over last year. This figure includes retired persons receiving pension benefits, those who have left employment with vested pension credits, and those still actively at work. There is some duplication due to persons being covered under more than one plan.

Pension reserves behind plans with life companies at year-end totaled $264.6 billion, an increase of 17.5% over year-end 1982, and nearly five times greater than 10 years ago. These reserves include the funds behind pension plan variable annuities, which are based wholly or in part on equity investments.

Group annuities cover the largest number of persons under pension plans with life insurance companies. The traditional type is the deferred group annuity, under which a paid-up annuity is purchased each year for each employee, with the sum of these benefits paid as monthly income upon retirement. Deposit administration type plans set up a single fund for all employees in the pension group; money is withdrawn to buy an annuity for an employee when he retires. Immediate participation guarantee plans are a variation of this type, with participation in gains or losses from mortality and investments as they occur, rather than being spread over the life of the contract.

Under terminal funded plans, reserves are usually not set up with the insurance company until the employee is about to retire. Funding for the prospective pension prior to retirement may be handled in a variety of ways.

Individual policy pension trusts, group permanent plans, and profit-sharing plans—often used by smaller firms—were in effect for 1.9 million persons. Individual policy pension trusts usually involve the purchase of a whole life or endowment policy for each person to provide retirement benefits. Group permanent plans use whole life or endowment policies on a group basis keyed to retirement. Profit-sharing plans generally provide for an individual fund for each participant annually.

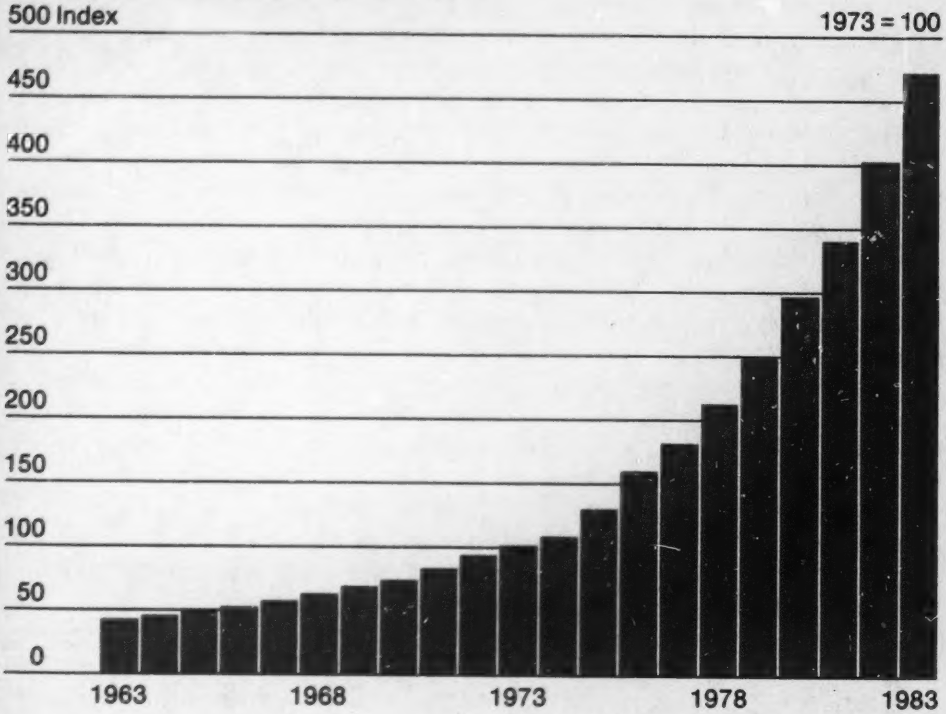
The Employee Retirement Income Security Act of 1974 (ERISA) allowed individuals to set up their own Individual Retirement Accounts (IRAs) if there was no private pension plan where they worked. By year-end 1981, 1,140,000 persons had set up such plans with life insurance companies, and the reserves for such plans amounted to $3.3 billion.

The Economic Recovery Act of 1981 raised contribution limits on Individual Retirement Accounts and extended IRA eligibility to persons covered by employer pension plans, as of January 1, 1982. Since then the number of IRAs with life insurance companies increased by 1.5 million, or 130.7%, and reserves increased by $5.7 billion to a total of $9.0 billion at year-end 1983.

In 1983, payments of $7.6 billion were made under life company pension plans to 3.2 million persons. Of this amount, $7.0 billion was paid to 2.8 million persons with group annuity and terminal funded plans, and $625 million to 420,000 persons having individual policy pension trusts, group permanent and other plans. The number of persons receiving payments has more than doubled in the past 10 years, and the total annual payments have more than tripled.

Legislation in most states allows life insurance companies to maintain separate investment accounts for a given pension plan or group of plans. More latitude in equity investments is permitted for separate accounts than for life insurance company investments generally. Pension reserves in separate accounts were $64.5 billion at the end of 1983, an increase of 19.3% over last year.

Relative Growth in Life Insurance Companies' Pension Reserves in the United States



Private Pension Plans in the United States With Life Insurance Companies

	In Force at Year End					Pension Payments during Year	
Type of Plan by Year	Number of Plans	Number of Persons Covered (000 omitted)	Total Reserves Including Separate Accounts (000,000 omitted)	Separate Account Reserves (000,000 omitted)	Payments into Plans in Year (000,000 omitted)	Number of Persons Receiving Payments (000 omitted)	Pension Payments (000,000 omitted)
1981							
Group Annuities†	104,550	20,600	$146,515	$37,290	$14,505	2,310	$4,995
Terminal Funded Group Plans	5,870	260	4,790	590	570	160	340
Individual Policy Pension Trusts‡ ...	232,930	2,195	8,105	680	1,455	140	180
HR 10 (Keogh) Plans ..	—	485	2,680	310	380	15	35
Tax-Sheltered Annuities	—	1,970	12,815	1,960	3,450	50	95
Individual Retirement Accounts	—	1,140	3,320	150	655	10	15
Other Plans	—	1,175	12,700	390	2,510	130	150
Total*	—	27,825	$190,925	$41,370	$23,525	2,815	$5,810
1982							
Group Annuities†	107,980	22,025	$172,125	$48,600	$14,970	2,500	$5,560
Terminal Funded Group Plans	6,140	305	5,425	1,050	600	190	410
Individual Policy Pension Trusts‡ ...	235,580	1,975	8,215	880	1,340	140	185
HR 10 (Keogh) Plans ..	—	485	2,830	390	420	15	35
Tax-Sheltered Annuities	—	2,230	15,675	2,370	3,280	55	125
Individual Retirement Accounts	—	1,990	5,800	350	2,380	10	20
Other Plans	—	1,365	15,125	450	1,700	175	220
Total*	—	30,375	$225,195	$54,090	$24,690	3,085	$6,555
1983							
Group Annuities†	111,720	23,165	$200,170	$59,040	$15,670	2,580	$6,485
Terminal Funded Group Plans	6,210	285	5,835	50	585	220	495
Individual Policy Pension Trusts‡ ...	231,630	1,880	8,650	870	1,545	140	190
HR 10 (Keogh) Plans ..	—	495	3,125	440	390	15	35
Tax-Sheltered Annuities	—	2,455	19,715	3,140	3,785	65	135
Individual Retirement Accounts	—	2,630	8,995	630	2,650	15	25
Other Plans	—	1,515	18,085	360	1,980	185	240
Total	—	32,425	$264,575	$64,530	$26,605	3,220	$7,605

Note: Some data are revised.

†Includes Immediate Participation Guarantee and Deposit Administration plans.

‡Includes Group Permanent plans and profit-sharing plans.

Source: American Council of Life Insurance.

LAPSES AND SURRENDERS

The overall voluntary termination rate of ordinary life insurance policies in 1983 was 11.0%. The rate for older policies is significantly lower than for newer ones. The rate for policies in force less than two years was 25.1%; for those in force for two years or longer it was 8.6%.

In 1983, a total of $12.6 billion in cash values was paid to owners of life insurance policies. This figure does not include cash values used to obtain paid-up life insurance in a reduced amount or extended coverage for a specified period of time.

Policyholders have different reasons for terminating their policies; sometimes they use cash values to meet financial emergencies or in accordance with long-term goals. Also, in periods of inflation policy lapses increase. In 1983 two other factors contributed to the record termination rates: the expanded eligibility for Individual Retirement Accounts and the availability of newer life insurance products, for which older policies were exchanged.

Rates of voluntary policy termination by policyholders vary considerably among life insurance companies. Each company's rate depends upon many factors, including the types of policies written and the ratio of new policies to older ones in force with the company.

The life insurance business strongly seeks to minimize the lapsing of policies. For example, the training of agents focuses on realistic identification of the life insurance needs of clients and the careful analysis of the use of family income for protection purposes. Since there is a higher termination rate of policies on which loans are outstanding, companies urge that loans be used only in genuine financial emergencies, and that they be promptly repaid.

Most companies offer policyholders time after delivery of the policy in which to consider whether to keep the policy. These companies will refund the premium in full if, within the prescribed time, the policyholder decides not to keep the policy.

Voluntary Termination Rate

Ordinary Policies in Force in the United States

Year	Policies In Force Less Than 2 Years	Policies In Force 2 Years or More	All Policies In Force	Year	Policies In Force Less Than 2 Years	Policies In Force 2 Years or More	All Policies In Force
1951	9.4%	2.2%	3.2%	1973	18.8%	4.3%	6.3%
1955	11.4	2.5	3.8	1974	19.5	4.5	6.5
1960	14.5	3.7	5.2	1975	20.9	4.5	6.7
1965	15.4	3.5	5.1	1976	19.7	4.6	6.6
1966	16.2	3.5	5.2	1977	19.5	4.7	6.6
1967	16.5	3.6	5.2	1978	19.6	4.6	6.6
1968	18.0	3.7	5.5	1979	21.0	5.1	7.2
1969	18.3	3.7	5.6	1980	22.4	5.8	8.1
1970	19.3	3.9	5.9	1981	23.5	6.6	8.9
1971	19.0	3.9	5.8	1982	24.4	7.6	10.0
1972	19.3	3.9	6.0	1983	25.1	8.6	11.0

Note: The rate is the ratio of the number of policies lapsed or surrendered to the mean number of policies in force.

Source: American Council of Life Insurance.

INCOME OF LIFE INSURANCE COMPANIES

Life insurance companies receive funds from two main sources: premiums paid by policyholders and earnings on investment.

There is a close relationship between these income elements. Part of each premium payment becomes available for investment in the nation's economy. In calculating premiums, the anticipated investment earnings are taken into account, thereby reducing the price of life insurance to policyholders.

In 1983, total income of all U.S. life companies was $176.0 billion; 67.6% was from premium receipts and 28.9% from investment earnings. The remaining 3.5% came from other sources, mainly considerations (payments) for supplementary contracts.

Premium receipts and annuity considerations totaled $119.0 billion. Americans spent the equivalent of 3.46% of total disposable personal income in 1983 for life insurance and annuities, compared with 3.93% during 1982.

Income of U.S. Life Insurance Companies (000,000 omitted)

	Premium Receipts						
Year	Life Insurance Premiums	Annuity Considerations	Health Insurance Premiums*	Total Premium Receipts	Investment Income**	Other Income†	Total Income
1911	$ 626	$ 4	—	$ 630	$ 182	$ 24	$ 836
1915	776	6	—	782	241	20	1,043
1920	1,374	7	—	1,381	341	42	1,764
1925	2,340	38	—	2,378	551	89	3,018
1930	3,416	101	—	3,517	891	186	4,594
1935	3,182	491	—	3,673	1,013	386	5,072
1940	3,501	386	—	3,887	1,231	540	5,658
1945	4,589	570	—	5,159	1,445	1,070	7,674
1950	6,249	939	$ 1,001	8,189	2,075	1,073	11,337
1955	8,903	1,288	2,355	12,546	2,801	1,197	16,544
1960	11,998	1,341	4,026	17,365	4,304	1,338	23,007
1965	16,083	2,260	6,261	24,604	6,778	1,785	33,167
1970	21,679	3,721	11,367	36,767	10,144	2,143	49,054
1971	22,935	4,910	12,897	40,742	11,031	2,429	54,202
1972	24,678	5,503	14,318	44,499	12,127	2,222	58,848
1973	26,373	6,771	15,524	48,668	13,670	2,415	64,753
1974	27,750	7,737	17,123	52,610	15,144	2,256	70,010
1975	29,336	10,165	19,074	58,575	16,488	2,959	78,022
1976	31,358	13,962	21,059	66,379	18,758	3,421	88,558
1977	33,765	14,974	23,58[illegible]	72,319	21,713	3,953	97,985
1978	36,592	16,339	25,82[illegible]	78,760	25,294	4,152	108,206
1979	39,083	17,939	27,894	84,916	29,562	4,661	119,139
1980	40,829	22,429	29,366	92,624	33,928	4,336	130,888
1981	46,246	27,579	31,803	105,628	39,774	6,464	151,866
1982	50,800	34,644	34,960	120,404	45,532	4,108	170,044
1983	50,265	30,544	38,201	119,010	50,862	6,154	176,026

Note: Some data are revised. Considerations for supplementary contracts with and without life contingencies are included under "Other Income." Prior to 1947, the business of health departments was not included.

*Includes some premiums for Workers' Compensation and auto and other liability insurance.

** Beginning with 1951, investment income is net of investment expenses.

†Beginning in 1975, "Other Income" includes commissions and expense allowance on reinsurance ceded. In 1975, this amounted to $382 million.

Sources: *Spectator Year Book* and American Council of Life Insurance.

Some 42.2% of all premium receipts in 1983 was accounted for by life insurance. This proportion has declined in relation to the income received from annuities and health insurance. In 1963, the proportion was 67.6%; by 1973 the proportion had dropped to 54.2%.

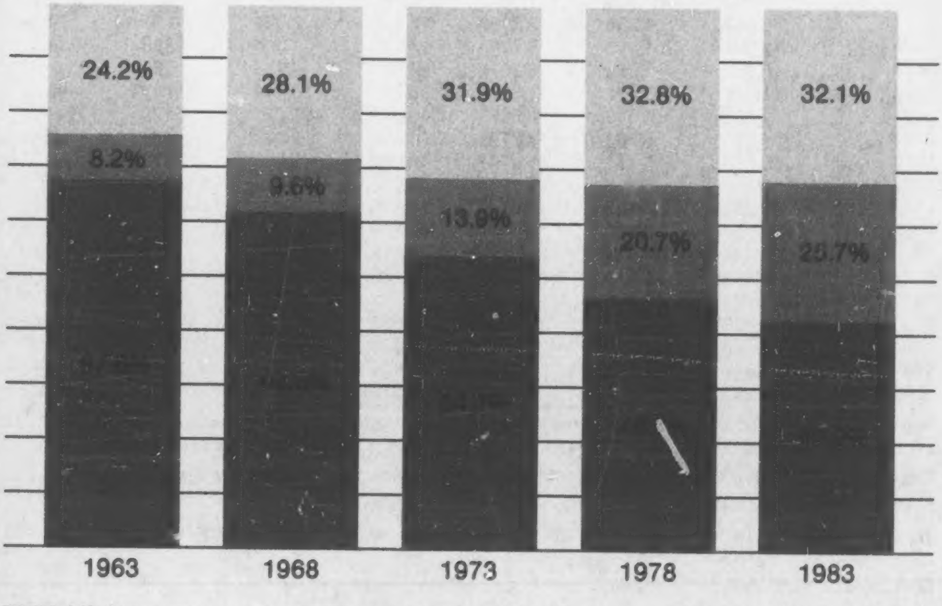
Premium Receipts

U.S. Life Insurance Companies (000,000 omitted)

	1979	1980	1981	1982	1983
LIFE INSURANCE PREMIUMS					
Ordinary	$27,970	$29,463	$34,474	$ 38,371	$ 37,978
Group	8,007	8,508	8,996	9,433	9,560
Industrial	1,320	1,323	1,222	1,484	1,066
Credit	1,786	1,535	1,554	1,512	1,661
Total Life Insurance Premiums	39,083	40,829	46,246	50,800	50,265
ANNUITY CONSIDERATIONS					
Individual	4,976	6,296	10,290	15,196	14,003
Group	12,963	16,133	17,289	19,448	16,541
Total Annuity Considerations	17,939	22,429	27,579	34,644	30,544
HEALTH INSURANCE PREMIUMS					
Individual	6,081	6,366	6,531	7,168	7,926
Group	20,838	22,262	24,437	26,930	29,131
Credit	975	738	835	862	1,144
Total Health Insurance Premiums	27,894	29,366	31,803	34,960	38,201
Total Premium Receipts	$84,916	$92,624	$105,628	$120,404	$119,010

Note: Some data are revised. Credit life insurance is limited to insurance on loans of 10 years' or less duration.
Source: American Council of Life Insurance.

Distribution of Premium Receipts of U.S. Life Insurance Companies



*Includes some premiums for Workers' Compensation and auto and other liability insurance.

Ratio of Premiums and Annuity Considerations to Disposable Personal Income

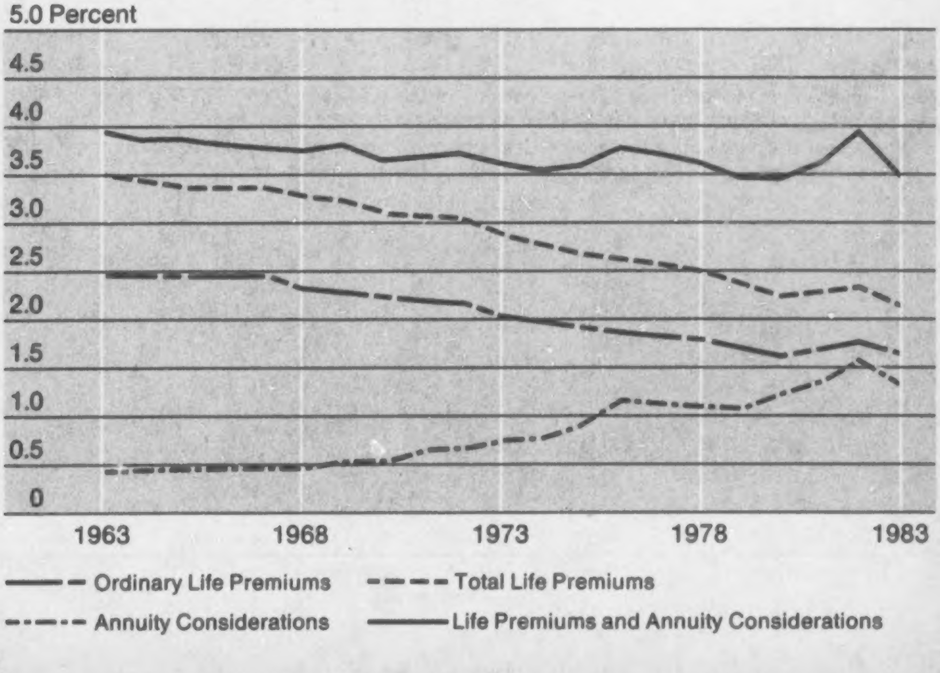
Year	Ordinary Life Premiums	Total Life Insurance Premiums	Annuity Considerations	Total
1929	N.A.	3.95%	.11%	4.06%
1930	N.A.	4.63	.14	4.76
1935	N.A.	5.44	.93	6.37
1940	3.36%	4.65	.51	5.16
1945	2.18	3.08	.38	3.46
1950	2.17	3.02	.45	3.48
1955	2.27	3.24	.47	3.71
1960	2.46	3.41	.38	3.79
1965	2.46	3.38	.48	3.86
1970	2.25	3.12	.54	3.65
1971	2.20	3.05	.65	3.70
1972	2.18	3.05	.68	3.72
1973	2.05	2.88	.74	3.62
1974	1.99	2.78	.77	3.55
1975	1.92	2.68	.93	3.60
1976	1.88	2.63	1.17	3.79
1977	1.84	2.57	1.14	3.72
1978	1.80	2.50	1.12	3.62
1979	1.70	2.38	1.09	3.47
1980	1.62	2.24	1.23	3.47
1981	1.70	2.28	1.36	3.64
1982	1.76	2.33	1.59	3.93
1983	1.63	2.15	1.31	3.46

Note: Some data are revised. Credit life premiums were included in the "Ordinary Life" category in years prior to 1973. Beginning with 1973, credit life insurance premiums on loans of 10 years' or less duration are excluded. The sum of "Total Life Insurance Premiums" and "Annuity Considerations" may not add to "Total" in some cases, due to rounding.

N.A. = Not available.

Sources: U.S. Department of Commerce, *Spectator Year Book* and American Council of Life Insurance.

Ratio of Premiums to Disposable Personal Income



Ordinary policy premiums accounted for $38.0 billion, or 75.6% of the life insurance premiums in 1983. Most ordinary premiums, 71.3%, were renewals. Group insurance premiums amounted to $9.5 billion, or 19.0%, of all life insurance premiums, while industrial premiums accounted for $1.1 billion, or 2.1%. Credit life premiums totaled $1.7 billion, or 3.3%.

Annuity considerations totaled $30.5 billion, or 25.7% of total premium income in 1983. These payments have grown rapidly as a proportion of total premium receipts, especially since enactment of the federal pension legislation in 1974. In 1963, the proportion was 8.2%, and by 1973 it grew to 13.9%. Significant increases in 1975 and 1976 were due primarily to large inflows of funds for group annuity contracts and for new issues of individual annuities. The amount of first-year considerations for individual annuities in 1983 was $2.2 billion. Total considerations were equal to 1.31% of disposable personal income in 1983, compared with 1.59% in 1982.

Health insurance premiums accounted for $38.2 billion, or 32.1% of total premiums in 1983, a slightly larger percentage than 10 years earlier.

Ordinary Life Insurance Premium Receipts

U.S. Life Insurance Companies (000,000 omitted)

	First Year	Single	Renewal	Total
1969	$1,758	$ 784	$12,291	$14,833
1970	1,869	843	12,951	15,663
1971	1,985	955	13,627	16,567
1972	2,196	1,087	14,418	17,701
1973	2,380	1,033	15,345	18,758
1974	2,575	1,136	16,112	19,823
1975	2,705	1,244	17,083	21,032
1976	3,034	1,359	18,099	22,492
1977	3,314	1,482	19,365	24,161
1978	3,668	1,730	20,943	26,341
1979	4,019	1,851	22,100	27,970
1980	4,520	2,183	22,760	29,463
1981	5,927	2,242	26,305	34,474
1982	5,948	2,935	29,488	38,371
1983	6,910	4,008	27,060	37,978

Note: Some data are revised. Credit life premiums were included in data for 1969-1972. Beginning with 1973, credit life insurance premiums on loans of 10 years' or less duration are excluded.

Source: American Council of Life Insurance. Premium information on a slightly different basis was collected for the years 1957-1968 by the Life Insurance Marketing and Research Association.

Premium Receipts of U.S. Life Insurance Companies by State (000,000 omitted)

	1981		1982		1983	
	Life	Health	Life	Health	Life	Health
Alabama	$ 680	$ 491	$ 713	$ 528	$ 777	$ 561
Alaska	63	48	71	74	82	108
Arizona	437	450	465	498	508	550
Arkansas	275	225	300	257	317	279
California	3,665	3,473	3,873	3,782	4,158	4,069
Colorado	564	458	607	534	655	615
Connecticut	674	466	727	516	754	541
Delaware	139	72	155	79	179	96
D.C.	185	203	204	270	216	295
Florida	1,657	1,544	1,842	1,795	2,020	2,015
Georgia	995	843	1,056	921	1,192	1,058
Hawaii	197	69	211	71	225	83
Idaho	141	88	146	94	165	105
Illinois	2,284	2,223	2,372	2,425	2,467	2,627
Indiana	975	800	1,016	856	1,055	912
Iowa	607	415	634	444	703	478
Kansas	458	271	483	328	529	375
Kentucky	497	341	518	361	551	407
Louisiana	817	657	873	758	939	817
Maine	156	127	161	143	170	150
Maryland	761	446	808	477	860	535
Massachusetts	994	650	1,046	732	1,139	815
Michigan	1,447	1,213	1,499	1,170	1,551	1,120
Minnesota	683	591	708	671	757	707
Mississippi	330	332	342	384	381	433
Missouri	863	814	895	939	947	1,066
Montana	121	97	126	105	143	122
Nebraska	340	283	353	323	375	340
Nevada	133	166	144	177	142	174
New Hampshire	155	86	162	99	174	117
New Jersey	1,522	977	1,585	1,061	1,713	1,209
New Mexico	194	161	209	183	218	216
New York	3,311	2,316	3,433	2,639	3,667	2,919
North Carolina	1,016	720	1,076	787	1,149	830
North Dakota	113	60	120	67	136	77
Ohio	1,951	1,395	2,036	1,491	2,124	1,605
Oklahoma	505	429	551	497	620	563
Oregon	378	290	382	325	419	360
Pennsylvania	2,120	1,204	2,209	1,263	2,351	1,355
Rhode Island	182	58	189	63	197	62
South Carolina	516	342	556	390	607	429
South Dakota	120	114	127	130	141	145
Tennessee	748	616	786	688	843	768
Texas	2,524	2,413	2,720	2,648	2,985	2,943
Utah	208	151	226	180	275	213
Vermont	79	45	83	54	90	62
Virginia	938	555	991	616	1,060	672
Washington	590	384	617	421	651	466
West Virginia	269	227	279	254	295	258
Wisconsin	762	661	802	713	877	806
Wyoming	84	76	88	83	92	82
Total U.S.	$39,423	$31,136	$41,575	$34,364	$44,641	$37,610

Source: American Council of Life Insurance.

Earning Rate

The net rate of investment income on invested assets of life insurance companies rose to 8.96% in 1983 from 8.91% in 1982. This rate is an annual average based on aggregates of all U.S. life insurance companies after investment expenses but before federal income taxes.

Investment income is largely interest income on bonds and mortgage loans, dividends on stocks, and rent on real estate owned. Capital gains or losses are excluded from investment income.

The increase of 5 basis points in the portfolio rate of investment income in 1983 compares to a rise of 34 basis points in 1982.

Many life companies maintain separate investment accounts for various life insurance and retirement plans. At year-end 1983, common stocks were 36.6% of separate account assets, up from 35.9% at the end of 1982.

Excluding the separate accounts, the portfolio rate of the general accounts averaged 9.06% in 1983. The general account rate of income improved 19 basis points from 1982.

Net Rate of Investment Income

U.S. Life Insurance Companies

Year	Rate	Year	Rate
1915	4.77%	1940	3.45%
1920	4.83	1945	3.11
1925	5.11	1950	3.13
1930	5.05	1955	3.51
1935	3.70	1960	4.11

	Rate			Rate	
	Including Separate Accounts	Excluding Separate Accounts		Including Separate Accounts	Excluding Separate Accounts
1965	4.61%	4.61%	1975	6.36%	6.44%
1966	4.73	4.73	1976	6.55	6.68
1967	4.82	4.83	1977	6.89	7.00
1968	4.95	4.97	1978	7.31	7.39
1969	5.12	5.15	1979	7.73	7.78
1970	5.30	5.34	1980	8.02	8.06
1971	5.44	5.52	1981	8.57	8.53
1972	5.56	5.69	1982	8.91	8.87
1973	5.88	6.00	1983	8.96	9.06
1974	6.25	6.31			

Note: The net rate of investment income is calculated using industry aggregates, and represents the ratio of (1) net investment income to (2) mean invested assets (including cash) less half the net investment income. Before 1940, some Federal income taxes were deducted from net investment income; beginning with 1940, the rates are calculated before deducting any Federal income taxes.

Source: American Council of Life Insurance.

THE LIFE INSURANCE DOLLAR

The financial transactions of life insurance companies may be best summarized if expressed in terms of a single dollar of income received and expended. This composite dollar represents the total for the business as a whole, and the pattern will be different for individual companies or groups of companies, depending on types of business written, age and type of company and many other factors.

The major proportion of each composite dollar of income received by U.S. life insurance companies is accounted for by premiums and annuity considerations. In 1983 premiums paid for life and health insurance policies and payments for annuities accounted for 69.0 cents. The remainder of the composite dollar consisted chiefly of earnings on investments.

These proportions vary significantly by each line of business. The major share for all lines comes from premiums, but for the life insurance and annuity lines a large proportion comes from investment earnings. Data for 1982 (the latest year for which information is available) show that investment earnings accounted for 29.8 cents of each life insurance income dollar and 41.4 cents of each annuity income dollar.

The proportions of premium income and investment earnings vary significantly by type of life insurance company. For mutual companies the proportion of the company dollar represented by insurance premiums and annuity considerations was 61.6 cents in 1983 and investment earnings and other income accounted for 38.4 cents. For stock companies, insurance premiums and payments for annuities accounted for 74.5 cents of the combined company dollar, while the balance, chiefly investment earnings, represented 25.5 cents.

Life Insurance Company Dollar 1983

U.S. Life Insurance Companies

INCOME	
Premiums	69.0¢
Net Investment Earnings and Other Income	31.0
	100.0¢
HOW USED	
Benefit Payments and Additions to Funds for Policyholders and Beneficiaries	
Benefit Payments in Year	50.6¢
Additions to Policy Reserve Funds	28.8
Additions to Special Reserves and Surplus Funds	1.8
	81.2
Operating Expenses	
Commissions to Agents	5.7
Home and Field Office Expenses	9.9
	15.6
Taxes	2.0
Dividends to Stockholders of Stock Life Insurance Companies	1.2*
	100.0¢

Note: Certain offsetting items such as considerations for supplementary contracts are excluded, so that the total used ($170,319.5 million) differs from that shown on page 55. Direct investment taxes (such as real estate) are excluded from taxes and are deducted, with other investment expenses, from investment income. Federal income taxes, however, are included in taxes.

*For stock companies only this ratio would be 2.0¢ per dollar.

Source: American Council of Life Insurance.

Portions of premium income and investment earnings also differ by size of company. Larger companies generally receive a greater share of their income dollar from investment income.

In 1983, mutual life insurance companies with $500 million or more in assets as of 1980 received 60.9 cents of their income dollar from premiums and 39.1 cents from investment earnings and other income; whereas mutual companies with under $500 million in assets as of 1980, received 76.6 cents from premiums and 23.4 cents from investments and other income.

For stock life insurance companies, the proportion of the 1983 income dollar represented by premiums and annuity considerations was 70.0 cents for companies with assets of $500 million or more as of 1980 and 80.0 cents for companies with under $500 million in assets as of 1980.

Of the 1983 industry outgo dollar, 81.2 cents was assigned to meet current or future obligations. That included 50.6 cents paid in benefits to policyholders or to beneficiaries during the year, 28.8 cents added to policy reserves for future benefit payments and 1.8 cents added to special reserves and surplus funds. Current benefits were 50.1 cents of the mutual company outgo dollar in 1983, compared with 51.0 cents of the stock company dollar.

The outgo dollar also varies by major line of business. For the life insurance line, 49.3% of the income in 1982 (the latest year for which data are available) was needed for benefits and 24.4% was added to reserves. The annuity line set aside 70.3% for reserves, while the health line needed 70.8% of income to pay claims and policy dividends.

Operating expenses based on industry aggregates declined from the previous year to 15.6 cents. This proportion had remained about the same for several decades. Its decline during the past five years reflected the expansion of the annuity field; annuities have lower sales expenses. Included in the 1983 figure were 9.9 cents for expenses of home and field offices and 5.7 cents for commissions to agents.

The expense share, as measured by this analysis, applies to the entire life insurance business, and not to any single company. The proportions vary widely among companies, depending on such factors as the types of coverage offered by a given company and its ratio of recently issued insurance to its total insurance in force. Expenses are relatively higher for new policies because the initial costs of issuing and selling a policy are higher than those of maintaining older policies.

A total of 2.0 cents was used for taxes (not including taxes directly connected with investment, such as real estate taxes). On an overall dollar basis, stock dividends to shareholders amounted to 1.2 cents. For mutual life insurance companies, of course, this amounted to zero; for stock life companies, dividends to shareholders amounted to 2.0 cents of the outgo dollar.

TAXES

U.S. life insurance companies incurred federal, state and local government taxes, licenses and fees of $4.3 billion on their 1983 operations. This was about on the same level as the two previous years. Most of the taxes incurred on life company operations in 1982 were paid in that year but some were carried over to 1983.

In the summer of 1984, Congress enacted new federal income tax laws for life companies, replacing the stopgap legislation that had been in effect in 1982 and 1983. It is expected that this legislation will increase significantly the total of federal income taxes paid by the nation's life insurance companies.

State premium taxes and federal income taxes together accounted for nearly two-thirds of the taxes, licenses and fees incurred by life companies in 1983. State premium taxes amounted to $1,551 million and federal income taxes to $1,208 million.

Life companies also paid $717 million in Social Security taxes in 1983. Real estate taxes were $439 million, while other taxes, licenses and fees amounted to $371 million.

The federal income taxes reported are taken from annual statements rather than from income tax returns. They are based on cash payments for the year plus the change in tax reserves (estimated liabilities) during the year.

Taxes, Licenses and Fees of U.S. Life Insurance Companies (000,000 omitted)

Year	State Taxes on Premiums	Federal Social Security Taxes	Federal Income Taxes	Real Estate Taxes	Other Taxes, Licenses and Fees	Total
1947	$ 100	$ 7	$ 23	$ 17	$ 20	$ 167
1950	123	12	20	27	23	205
1955	189	26	189	39	29	472
1960	270	53	479	68	50	920
1965	396	77	741	98	63	1,375
1970	568	159	1,232	149	96	2,204
1971	660	178	1,451	172	121	2,582
1972	708	198	1,544	198	142	2,790
1973	766	249	1,803	207	157	3,182
1974	785	280	1,915	224	174	3,378
1975	840	299	1,910	282	188	3,519
1976	914	321	2,209	291	219	3,954
1977	1,000	345	2,526	312	248	4,431
1978	1,077	389	2,994	336	282	5,078
1979	1,131	449	3,269	286	331	5,466
1980	1,177	493	2,551	317	306	4,844
1981	1,256	588	1,774	324	295	4,237
1982	1,402	629	1,580	402	354	4,367
1983	1,551	717	1,208	439	371	4,286

Note: Before 1972, taxes, licenses and fees shown are on a paid basis. Beginning with 1972, these items are on an incurred basis.

Source: American Council of Life Insurance.

RESERVES AND OTHER OBLIGATIONS

Policy reserves of U.S. life insurance companies totaled $532.4 billion at the end of 1983. These reserves represent the funds set aside to meet the companies' future obligations to policyholders and their beneficiaries.

Each company is required by state law to maintain its policy reserves at a level that will assure payment of all policy obligations as they fall due. The amount is calculated on an actuarial basis, taking into account the funds forthcoming from future premium payments, assumed future interest earnings and expected mortality experience.

Total reserves of the life companies at the end of 1983 included $221.0 billion for life insurance policies, $14.9 billion for health insurance policies and $296.5 billion for annuities and supplementary contracts involving both lifetime payments and payments that are for specified periods or in designated amounts.

Life insurance policy reserves consisted of $196.9 billion for ordinary life policies, $10.1 billion for group policies, $12.6 billion for industrial life policies, and $1.4 billion for credit life policies.

Annuity reserves consisted of $64.7 billion for individual annuities, $221.7 billion

Policy Reserves

U.S. Life Insurance Companies (000,000 omitted)

Year	Amount	Year	Amount	Year	Amount	Year	Amount
1890	$ 670	1910	$3,226	1925	$ 9,927	1940	$27,238
1900	1,443	1915	4,399	1930	16,231	1945	38,667
1905	2,295	1920	6,338	1935	20,404	1950	54,946

			Annuities				
Year	Life Insurance	Health Insurance	Individual	Group	Supplementary Contracts With Life Contingencies	Supplementary Contracts Without Life Contingencies	Total
1955	$ 54,588	$ 575	*	$ 13,216	$1,895	$5,085	$ 75,359
1960	70,791	865	$ 4,327	14,952	2,674	4,864	98,473
1965	90,795	1,432	5,028	22,187	3,281	4,897	127,620
1970	115,442	3,474	6,951	34,009	3,726	4,177	167,779
1971	121,585	3,892	7,655	38,476	3,905	4,136	179,649
1972	128,257	4,347	8,560	43,503	3,937	4,155	192,759
1973	135,292	4,910	9,482	46,607	4,066	4,164	204,521
1974	142,273	5,607	10,511	49,861	4,176	4,079	216,507
1975	150,063	6,293	12,442	59,907	4,280	4,131	237,116
1976	158,359	6,962	15,347	73,393	4,410	4,304	262,775
1977	167,281	8,329	18,932	84,285	4,563	4,542	287,932
1978	177,743	9,596	23,057	98,673	4,751	4,663	318,483
1979	188,177	10,416	27,103	116,443	4,985	4,513	351,637
1980	197,865	11,015	31,543	140,417	5,215	4,284	390,339
1981	206,986	11,931	38,800	160,992	5,364	3,958	428,031
1982	213,783	13,181	51,002	191,898	5,654	3,842	479,360
1983	220,968	14,956	64,661	221,724	5,873	4,259	532,441

Note: Before 1947, the business of health insurance departments of life companies was not included in this series.

*Included with "Group Annuities."

Sources: *Spectator Year Book* and American Council of Life Insurance.

for group annuities and $5.9 billion for life annuities under supplementary contracts with life contingencies.

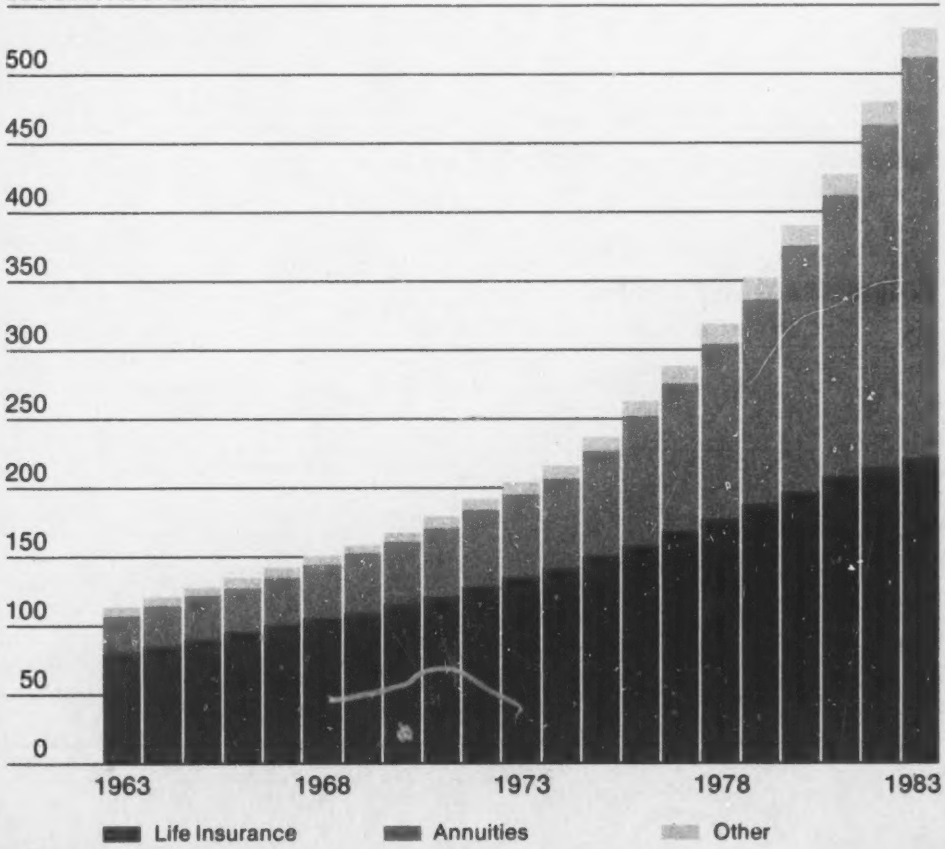
The composition of life company policy reserves has been changing over the years, reflecting a shift in the basic types of business done by life companies. Life insurance policy reserves are declining in relation to the proportion of reserves set aside for annuity contracts. In 1963, life insurance reserves were 71.8% of the total. By 1973, the proportion was 66.2%, and, by 1983, it had dropped to 41.5%. In the same period, annuity reserves increased from 22.9% in 1963 to 29.4% in 1973 and to 54.9% at the end of 1983. Most of the increase in annuity reserves is a result of the growth of pension plans administered by life insurance companies.

In addition to policy reserves, other funds of U.S. life insurance companies at the end of 1983 included $13.9 billion in accumulated policy dividends left with the life insurance companies at interest; some $10.1 billion set aside for the following year's policy dividend payments; and $52.1 billion for other obligations such as incurred expenses, mandatory reserves for fluctuations in security values and insurance premiums paid in advance.

Included in reserves and obligations at the end of 1983 was $66.8 billion in separate investment accounts, used for certain types of pension plans and for variable annuities.

Growth of Policy Reserves

U.S. Life Insurance Companies
550 Billions of Dollars



Surplus funds amounted to $44.0 billion at the end of 1983. These funds provided extra reserve safeguards for such contingencies as an unexpected rise in death rates among policyholders, for unusual changes in the value of securities, or as general protection for policy obligations. The amount of surplus retained by a life company depends on several factors including the size of the company, kinds of insurance written, mortality experience, general business conditions and government regulation.

Total capital of life insurance companies owned by stockholders was over $2.4 billion at the end of 1983. This amount represents the total par value of the shares of the companies' capital stock.

Stock life companies accounted for $235.1 billion, or 44% of the total reserves of all U.S. life insurance companies in 1983. Reserves of mutual life companies amounted to $297.3 billion, or 56% of the total.

Life Insurance Policy Reserves by Type

U.S. Life Insurance Companies (000,000 omitted)

Year	Ordinary	Group	Industrial	Credit	Total
1956	$ 47,429	$ 787	$ 9,446	—	$ 57,662
1960	58,897	1,267	10,627	—	70,791
1965	76,865	2,011	11,919	—	90,795
1970	100,076	3,093	12,273	—	115,442
1975	132,032	4,995	12,336	$ 700	150,063
1976	139,356	5,648	12,635	720	158,359
1977	147,414	6,415	12,624	828	167,281
1978	156,862	7,219	12,627	1,035	177,743
1979	166,106	8,132	12,682	1,257	188,177
1980	175,250	8,818	12,622	1,175	197,865
1981	183,771	9,379	12,636	1,200	206,986
1982	190,241	9,766	12,548	1,228	213,783
1983	196,871	10,148	12,595	1,354	220,968

Note: "Credit" life insurance is limited to insurance on loans of 10 years' or less duration. Prior to 1973, all credit insurance was included in the "Ordinary" and "Group" categories.

Source: American Council of Life Insurance.

Obligations and Surplus Funds

U.S. Life Insurance Companies (000,000 omitted)

Year	Policy Reserves	Policy Dividend Accumulations	Funds Set Aside for Policy Dividends	Other Obligations	Surplus Funds	Capital (Stock Companies)	Total
1952	$ 62,579	$ 1,675	$ 841	$ 3,024	$ 4,884	$ 372	$ 73,375
1955	75,359	2,239	1,201	4,625	6,475	533	90,432
1960	98,473	3,381	1,780	6,268	8,827	847	119,576
1965	127,620	4,326	2,647	10,455	12,468	1,368	158,884
1970	167,779	6,068	3,540	12,544	15,651	1,672	207,254
1975	237,116	8,814	4,875	17,936	18,635	1,928	289,304
1976	262,775	9,633	5,252	21,881	20,077	1,934	321,552
1977	287,932	10,427	5,839	23,907	21,669	1,948	351,722
1978	318,483	11,319	6,380	27,495	24,285	1,962	389,924
1979	351,637	12,112	7,158	31,372	28,023	1,980	432,282
1980	390,339	12,727	7,659	34,127	32,274	2,084	479,210
1981	428,031	13,261	8,355	38,734	35,211	2,211	525,803
1982	479,360	13,706	8,914	44,732	39,105	2,346	588,163
1983	532,441	13,939	10,078	52,106	43,978	2,406	654,948

Source: American Council of Life Insurance.

LIFE INSURANCE ASSETS

Assets of U.S. life insurance companies, including those held in separate accounts, totaled $654.9 billion at the end of 1983, an increase of 11.4% during the year, compared to an increase of 11.9% in the previous year.

The growth in assets in 1983 was a result of the substantial inflows of $60.9 billion in new funds. By comparison, new funds in 1982 amounted to $58.2 billion. The rapid expansion of the group and individual annuity business in recent years has been a major factor contributing to recent asset growth. Also contributing to asset growth in 1983 was further improvement in investment income.

Assets of life insurance companies, largely comprised of financial instruments, are used to back life insurance and annuity reserves and have been primarily built up from policyholders' premiums and investment earnings. Investments of life companies are an important source of capital in America's economy. Net investments in U.S. capital markets by life insurance companies totaled $56.5 billion in 1983. Life insurance ranked third among private domestic institutional sources of funds, supplying 8.0% of the total funds flowing into financial markets.

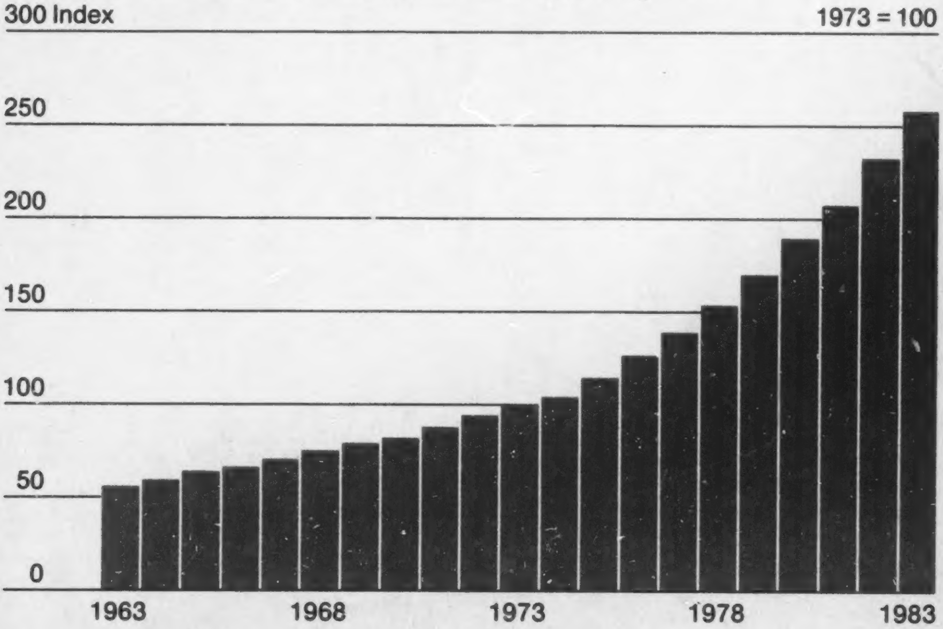
The largest component of life company assets in 1983 was corporate debt issues. Holdings of corporate debt increased from $212.8 billion to $232.1 billion, or 35.4% of total assets, by year-end 1983.

Mortgages, the second largest component of life insurance company assets, increased from $142.0 billion to $151.0 billion during 1983. As a proportion of total assets these holdings were 23.1% in 1983, compared to 24.1% in 1982.

The third largest category, government securities, increased to represent 11.7% of total assets in 1983.

Corporate stock holdings amounted to $64.9 billion, or 9.9% of total assets, and included $51.9 billion of common stocks and $13.0 billion of preferred stocks.

Relative Growth in Assets of U.S. Life Insurance Companies



Distribution of Assets of U.S. Life Insurance Companies

Year	Government Securities	Corporate Securities		Mortgages	Real Estate	Policy Loans	Misc. Assets	Total
		Bonds	Stocks					
AMOUNT (000,000 omitted)								
1917	$ 562	$ 1,975	$ 83	$ 2,021	$ 179	$ 810	$ 311	$ 5,941
1920	1,349	1,949	75	2,442	172	859	474	7,320
1925	1,311	3,022	81	4,808	266	1,446	604	11,538
1930	1,502	4,929	519	7,598	548	2,807	977	18,880
1935	4,727	5,314	583	5,357	1,990	3,540	1,705	23,216
1940	8,447	8,645	605	5,972	2,065	3,091	1,977	30,802
1945	22,545	10,060	999	6,636	857	1,962	1,738	44,797
1950	16,118	23,248	2,103	16,102	1,445	2,413	2,591	64,020
1955	11,829	35,912	3,633	29,445	2,581	3,290	3,742	90,432
1960	11,815	46,740	4,981	41,771	3,765	5,231	5,273	119,576
1965	11,908	58,244	9,126	60,013	4,681	7,678	7,234	158,884
1970	11,068	73,098	15,420	74,375	6,320	16,064	10,909	207,254
1971	11,000	79,198	20,607	75,496	6,904	17,065	11,832	222,102
1972	11,372	86,140	26,845	76,948	7,295	18,003	13,127	239,730
1973	11,403	91.796	25,919	81,369	7,693	20,199	14,057	252,436
1974	11,965	96,652	21,920	86,234	8,331	22,862	15,385	263,349
1975	15,177	105,837	28,061	89,167	9 621	24,467	16,974	289,304
1976	20,260	120,666	34,262	91,552	10,476	25,834	18,502	321,552
1977	23,555	137,889	33,763	96,848	11,060	27,556	21,051	351,722
1978	26,552	156,044	35,518	106,167	11,764	30,146	23,733	389,924
1979	29,719	168,990	39,757	118,421	13,007	34,825	27,563	432,282
1980	33,015	179,603	47,366	131,080	15,033	41,411	31,702	479,210
1981	39,502	193,806	47,670	137,747	18,278	48,706	40,094	525,803
1982	55,516	212,772	55,730	141,989	20,624	52,961	48,571	588,163
1983	76,615	232,123	64,868	150,999	22,234	54,063	54,046	654,948
PERCENT								
1917	9.6%	33.2%	1.4%	34.0%	3.0%	13.6%	5.2%	100.0%
1920	18.4	26.7	1.0	33.4	2.3	11.7	6.5	100.0
1925	11.3	26.2	.7	41.7	2.3	12.5	5.3	100.0
1930	8.0	26.0	2.8	40.2	2.9	14.9	5.2	100.0
1935	20.4	22.9	2.5	23.1	8.6	15.2	7.3	100.0
1940	27.5	28.1	2.0	19.4	6.7	10.0	6.3	100.0
1945	50.3	22.5	2.2	14.8	1.9	4.4	3.9	100.0
1950	25.2	36.3	3.3	25.1	2.2	3.8	4.1	100.0
1955	13.1	39.7	4.0	32.6	2.9	3.6	4.1	100.0
1960	9.9	39.1	4.2	34.9	3.1	4.4	4.4	100.0
1965	7.5	36.7	5.7	37.8	3.0	4.8	4.5	100.0
1970	5.3	35.3	7.4	35.9	3.0	7.8	5.3	100.0
1971	4.9	35.7	9.3	34.0	3.1	7.7	5.3	100.0
1972	4.8	35.9	11.2	32.1	3.0	7.5	5.5	100.0
1973	4.5	36.4	10.3	32.2	3.0	8.0	5.6	100.0
1974	4.5	36.7	8.3	32.8	3.2	8.7	5.8	100.0
1975	5.2	36.6	9.7	30.8	3.3	8.5	5.9	100.0
1976	6.3	37.5	10.7	28.5	3.3	8.0	5.7	100.0
1977	6.7	39.2	9.6	27.5	3.2	7.8	6.0	100.0
1978	6.8	40.0	9.1	27.2	3.0	7.8	6.1	100.0
1979	6.9	39.1	9.2	27.4	3.0	8.1	6.3	100.0
1980	6.9	37.5	9.9	27.4	3.1	8.6	6.6	100.0
1981	7.5	36.8	9.1	26.2	3.5	9.3	7.6	100.0
1982	9.4	36.2	9.5	24.1	3.5	9.0	8.3	100.0
1983	11.7	35.4	9.9	23.1	3.4	8.3	8.2	100.0

Note: Beginning with 1962, these data include the assets of separate accounts. For detail on separate accounts, see page 87.

Sources: *Spectator Year Book* and American Council of Life Insurance.

Assets of U.S. Life Insurance Companies

(000,000 omitted)

Year	Amount	Year	Amount	Year	Amount	Year	Amount
1890	$ 771	1926	$ 12,940	1946	$ 48,191	1966	$ 167,455
1895	1,160	1927	14,392	1947	51,743	1967	177,832
1900	1,742	1928	15,961	1948	55,512	1968	188,636
1905	2,706	1929	17,482	1949	59,630	1969	197,208
1910	3,876	1930	18,880	1950	64,020	1970	207,254
1911	4,164	1931	20,160	1951	68,278	1971	222,102
1912	4,409	1932	20,754	1952	73,375	1972	239,730
1913	4,659	1933	20,896	1953	78,533	1973	252,436
1914	4,935	1934	21,844	1954	84,486	1974	263,349
1915	5,190	1935	23,216	1955	90,432	1975	289,304
1916	5,537	1936	24,874	1956	96,011	1976	321,552
1917	5,941	1937	26,249	1957	101,309	1977	351,722
1918	6,475	1938	27,755	1958	107,580	1978	389,924
1919	6,791	1939	29,243	1959	113,650	1979	432,282
1920	7,320	1940	30,802	1960	119,576	1980	479,210
1921	7,936	1941	32,731	1961	126,816	1981	525,803
1922	8,652	1942	34,931	1962	133,291	1982	588,163
1923	9,455	1943	37,766	1963	141,121	1983	654,948
1924	10,394	1944	41,054	1964	149,470		
1925	11,538	1945	44,797	1965	158,884		

Note: Beginning with 1962, these data include the assets of separate accounts. For details on separate accounts, see page 87.

Sources: *Spectator Year Book* and American Council of Life Insurance.

Sources of Funds in the United States Money and Capital Markets

(000,000,000 omitted)

	1970	1975	1980	1982	1983
Life Insurance Companies	$ 9.1	$ 18.8	$ 33.4	$ 46.9	$ 56.5
Private Non-Life insurance Company Pension Plans	7.2	12.8	20.5	28.9	34.6
State and Local Retirement Funds	4.2	11.7	26.1	34.3	40.5
Savings and Loan Associations	11.4	35.1	46.6	19.3	98.4
Mutual Savings Banks	4.0	10.8	5.5	0.1	18.9
Commercial Banking	31.8	31.6	101.8	108.4	135.1
Federal Reserve Banks	5.0	8.5	4.5	9.8	10.9
Federal Loan Agencies	8.0	25.1	55.2	74.9	79.3
Nonfinancial Corporations	1.8	15.8	8.6	16.8	30.2
Fire and Casualty Companies	4.8	6.7	12.9	9.5	13.3
Real Estate Investment Trusts	1.9	−4.8	−0.7	−0.7	−0.3
Mutual Funds*	1.6	0.3	17.9	37.7	6.9
Foreigners	11.0	10.8	28.6	21.6	33.2
Individuals and Others	13.6	41.2	82.0	101.3	147.9
Total	$115.4	$224.4	$442.9	$508.8	$705.4

*Includes money market funds of $0.7 billion in 1975, $14.9 billion in 1980, $21.4 billion in 1982, and −$21.4 billion in 1983.

Source: American Council of Life Insurance.

New Investments

Acquisitions of long-term investments by U.S. life insurance companies reached a record high of $169.9 billion in 1983, an increase of $59.4 billion, or 53.7%, over 1982. Acquisitions of short-term investments—government and corporate securities with maturities of one year or less—are not available as of 1982 because these voluminous transactions are no longer required to be reported in the annual statements of life insurance companies. (Holdings of such short-term securities increased $4.3 billion during 1983 to total $30.2 billion at the end of the year.)

Of the $170 billion of long-term acquisitions, about $57 billion was traceable to new funds. Some $108 billion represented funds available for reinvestment from repayments of existing investments, such as bond maturities, calls, mortgage amortizations and prepayments, and from asset sales. The balance of acquisitions represented exchanges and refinancings.

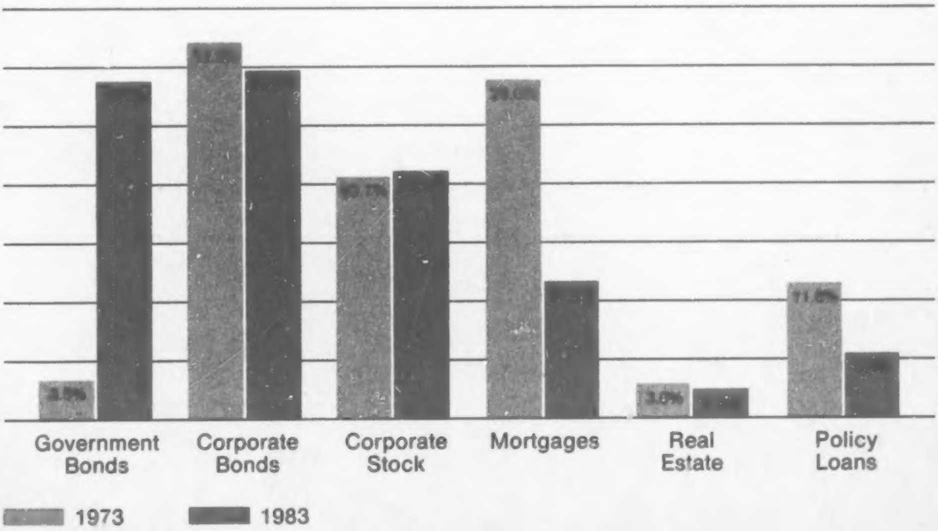
Acquisitions of long-term government securities reached $49.1 billion in 1983, $24.8 billion, or 102.2%, more than in 1982. Acquisitions of U.S. Treasury bonds and notes of $28.2 billion increased 109.4% over 1982, and federal agency issues of $15.0 billion were up 138.6% from 1982. Foreign government and international agency bond acquisitions of $2.6 billion were up 24.8%, while state and local bonds of $3.4 billion increased 35.9% over 1982.

Long-term corporate bond acquisitions amounted to $50.8 billion in 1983, $17.8 billion, or 54.1%, more than the $32.9 billion in the previous year. Corporate bond acquisitions represented 29.9% of total long-term acquisitions in 1983. Acquisitions of long-term domestic corporate bonds amounted to $49.6 billion and foreign corporate bonds came to $1.2 billion in 1983.

Corporate stock acquisitions increased $10.3 billion during 1983 to $36.1 billion. Common stock acquisitions amounted to $32.6 billion, and preferred stock acquisitions were $3.5 billion. Disposals of common stock amounted to $30.0 billion in 1983, $9.9 billion more than in 1982. Disposals of preferred stock were $3.0 billion, up $1.3 billion from 1982.

Distribution of Acquisitions of Long-Term Investments by Type

U.S. Life Insurance Companies



Mortgages accounted for $20.1 billion of life company investment acquisitions in 1983, $8.6 billion, or 74.5%, more than in 1982. Mortgage loans increased to 11.8% of total life company long-term acquisitions in 1983 from 10.4% in 1982. Included in the mortgage loan total were $18.4 billion of nonfarm conventional loans, $1.1 billion of farm mortgages, and $574 million of government-backed mortgages. Nonfarm conventional mortgages, which accounted for 91.6% of total mortgage acquisitions in 1983, increased $7.9 billion from 1982. Loans on nonresidential properties, such as office buildings, shopping centers, manufacturing plants and warehouses, continued to dominate the nonfarm conventional mortgage total. Farm mortgage loan acquisitions were up $412 million from 1982 and government-backed mortgages increased by $232 million.

Acquisitions of Investments

U.S. Life Insurance Companies (000,000 omitted)

		Corporate Securities					
Year	Government Securities	Bonds	Stocks	Mortgages	Real Estate	Policy Loans	Total
1947	$1,710	$ 4,248	$ 307	$ 2,786	$219	$ 327	$ 9,597
1948	2,262	4,800	181	3,407	278	414	11,342
1949	1,065	3,674	251	3,440	264	478	9,172
1950	2,399	3,700	470	4,894	257	521	12,241
1951	7,691	4,379	278	5,134	273	535	18,290
1952	4,610	5,151	194	3,978	335	504	14,772
1953	3,939	4,631	233	4,345	205	579	13,932
1954	5,549	5,157	552	5,344	388	661	17,651
1955	6,176	4,687	392	6,614	371	669	18,909
1956	4,794	5,305	291	6,715	360	744	18,209
1957	3,833	6,044	294	5,230	458	916	16,775
1958	5,625	5,799	365	5,277	463	1,008	18,537
1959	5,613	6,318	514	5,975	446	1,156	20,022
1960	5,011	6,886	655	6,083	299	1,420	20,354
1961	6,478	9,113	918	6,785	429	1,427	25,150
1962	6,824	11,654	766	7,478	363	1,473	28,558
1963	6,018	14,200	788	9,172	485	1,504	32,167
1964	4,979	15,419	1,066	10,433	488	1,574	33,959
1965	4,273	20,428	1,463	11,137	448	1,702	39,451
1966	3,837	18,452	1,326	10,217	510	2,613	36,955
1967	3,949	25,930	2,065	8,470	668	2,365	43,447
1968	5,570	27,601	3,318	7,925	815	2,741	47,970

	Government Securities		Corporate Securities						
			Bonds						
Year	Long-Term	Total	Long-Term	Total	Stocks	Mortgages	Real Estate	Policy Loans	Total
1969 ...	$ 1,393	$ 4,655	$ 6,787	$ 31,883	$ 4,099	$ 7,531	$ 794	$ 4,118	$ 53,080
1970 ...	796	4,612	6,808	41,405	4,086	7,181	859	4,149	62,292
1971 ...	1,635	7,011	11,727	53,517	6,785	7,573	1,035	3,400	79,321
1972 ...	1,604	8,989	14,257	68,240	8,468	8,696	976	3,252	98,621
1973 ...	1,385	8,290	12,741	87,059	8,198	11,463	1,177	4,602	120,789
1974 ...	1,456	7,609	11,266	86,656	4,832	11,339	1,294	5,332	117,062
1975 ...	3,695	13,644	16,567	96,534	5,955	9,595	2,115	4,600	132,443
1976 ...	7,249	30,315	24,002	120,442	7,691	9,801	1,814	4,826	174,889
1977 ...	7,498	34,908	30,183	147,114	7,588	14,176	2,059	5,115	210,960
1978 ...	6,442	35,805	28,006	164,866	8,015	17,799	2,234	6,260	234,979
1979 ...	6,866	41,566	23,170	186,195	10,374	20,689	2,793	8,739	270,356
1980 ...	6,961	51,798	22,255	227,336	14,105	19,759	3,312	11,535	327,845
1981 ...	10,620	72,879	22,966	312,707	19,498	13,478	4,467	12,641	435,670
1982 ...	24,305	N.A.	32,939	N.A.	25,818	11,528	4,480	11,449	N.A.
1983 ...	49,149	N.A.	50,766	N.A.	36,071	20,116	4,347	9,468	N.A.

N.A. = Not available after 1981.

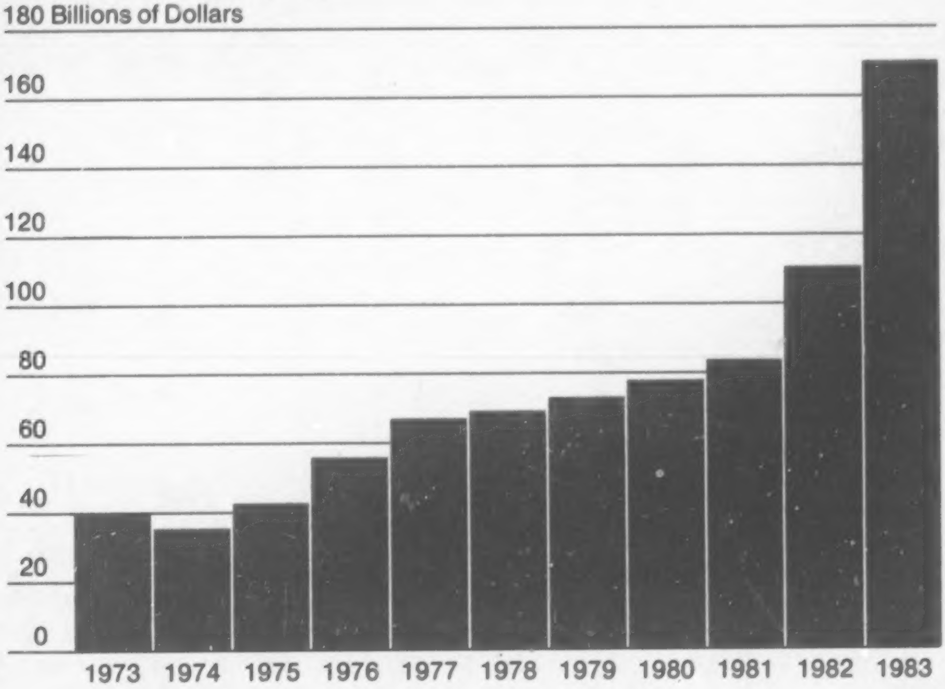
Source: American Council of Life Insurance.

Real estate accounted for $4.3 billion of life insurance company investment acquisitions, down 3.0% from 1982.

The demand for policy loans dropped again in 1983. After a record $12.6 billion in 1981, loans were $11.4 billion in 1982 and $9.5 billion in 1983.

Acquisitions of Long-Term Investments

U.S. Life Insurance Companies



Acquisitions and Change in Holdings of Investments

U.S. Life Insurance Companies (000,000 omitted)

	1982			1983		
Type of Investment	Acquired in Year	Held at Year-end	Change in Holdings in Year	Acquired in Year	Held at Year-end	Change in Holdings in Year
GOVERNMENT SECURITIES						
Short Term: 1 Year or Less						
U.S. Treasury	N.A.	$ 3,014	$+ 2,153	N.A.	$ 4,067	$+ 1,053
U.S. Federal Agency	N.A.	639	+ 209	N.A.	447	- 192
U.S. State and Local	N.A.	15	+ 2	N.A.	11	- 4
Foreign Government and International Agency	N.A.	478	+ 271	N.A.	512	+ 34
	N.A.	4,146	+ 2,635	N.A.	5,037	+ 891
Other: Over 1 Year						
U.S. Treasury	$13,451	13,515	+ 6,209	28,173	24,569	+11,054
U.S. Federal Agency	6,288	17,995	+ 4,132	15,004	25,416	+ 7,421
U.S. State and Local	2,470	9,032	+ 1,894	3,356	9,975	+ 943
Foreign Government and International Agency	2,096	10,828	+ 1,144	2,616	11,618	+ 790
	24,305	51,370	+13,379	49,149	71,578	+20,208
Total Government Securities	N.A.	55,516	+16,014	N.A.	76,615	+21,099
CORPORATE SECURITIES						
Bonds, Debentures and Notes						
Short Term: 1 Year or Less						
U.S.	N.A.	18,645	+ 3,221	N.A.	21,527	+ 2,882
Foreign	N.A.	3,090	+ 950	N.A.	3,635	+ 545
Other: Over 1 Year						
U.S.	31,662	181,641	+14,452	49,558	197,295	+15,654
Foreign	1,277	9,396	+ 343	1,208	9,666	+ 270
	N.A.	212,772	+18,966	N.A.	232,123	+19,351
Stocks						
Common	22,737	42,355	+ 6,947	32,613	51,840	+ 9,485
Preferred	3,081	13,375	+ 1,113	3,458	13,028	- 347
	25,818	55,730	+ 8,060	36,071	64,868	+ 9,138
Total Corporate Securities	N.A.	268,502	+27,026	N.A.	296,991	+28,489
MORTGAGES						
Farm	696	12,831	- 269	1,108	12,742	- 89
Nonfarm						
F.H.A.	217	4,837	- 312	396	4,471	- 366
N.H.A.	*	472	- 30	2	450	- 22
V.A.	125	2,462	- 128	176	2,241	- 221
Conventional	10,490	121,387	+ 4,981	18,434	131,095	+ 9,708
Total Mortgages	11,528	141,989	+ 4,242	20,116	150,999	+ 9,010
REAL ESTATE	4,480	20,624	+ 2,346	4,347	22,234	+ 1,610
POLICY LOANS	11,449	52,961	+ 4,255	9,468	54,063	+ 1,102
CASH	XXX	4,612	+ 333	XXX	3,964	- 648
OTHER ASSETS	XXX	43,959	+ 8,144	XXX	50,082	+ 6,123
TOTAL	N.A.	$588,163	$+62,360	N.A.	$654,948	$+66,785

N.A. = Not available after 1981.

*Less than $500,000.

Source: American Council of Life Insurance.

Government Securities

Government securities amounted to 11.7% of total assets of U.S. life insurance companies at year-end 1983.

These securities have been more attractive to life insurance companies in the last nine years. Holdings of these investments amounted to $76.6 billion at the end of 1983, an increase of $21.1 billion, or 38.0%, during the year. This growth follows a 40.5% increase in 1982. Investments in issues of the U.S. Treasury accounted for 57.4% of the increase during 1983.

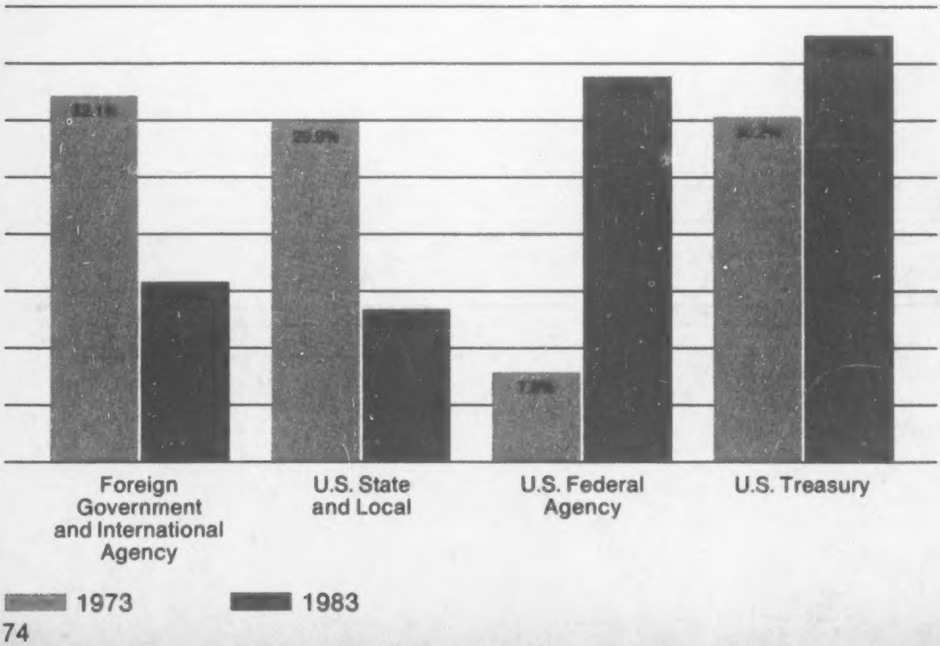
The large increases in recent years have been in sharp contrast to smaller increments in prior years. As a proportion of total assets, holdings of U.S. government securities have decreased steeply since the end of World War II. Life insurance funds had been heavily channeled into government securities during the war, with holdings consisting mainly of Treasury notes and bonds.

Securities of the United States government include U.S. Treasury securities and those of U.S. federal agencies or those sponsored by the federal government (such as the Federal National Mortgage Association and the Federal Home Loan Banks). Investments in these securities amounted to $54.5 billion at year-end 1983, an increase of $19.3 billion, or 55.0%, from year-end 1982. Short-term Treasury bills and certificates, purchased to keep funds at work until they are needed for long-term investments, amounted to $4.1 billion. Short-term federal agency securities totaled $447 million. Holdings of short-term U.S. Treasury and federal agency issues increased 23.6% and holdings of long-term securities of these agencies increased 58.6%.

U.S. state and local securities amounted to $10.0 billion at the end of 1983, up $939 million from last year. These holdings include guaranteed, special revenue and other issues of the 50 states, District of Columbia, Puerto Rico, and the territories and possessions of the United States and their political subdivisions.

Distribution of Government Securities

U.S. Life Insurance Companies



In addition to the securities of governments in the United States, U.S. life companies had $12.1 billion invested in securities of the central and local governments of Canada and other foreign countries, and in international agencies such as the International Bank for Reconstruction and Development (World Bank). Investment in Canada's central and local governments amounted to $7.3 billion in 1981 (the latest year for which data are available). After Canada, the largest life insurance company holdings of foreign government bonds in 1981 were those of Mexico, Japan, France, Sweden and Israel.

Government Securities

Owned by U.S. Life Insurance Companies (000,000 omitted)

	United States				Foreign Government and International Agency		
Year	Treasury	Federal Agency	State and Local	Total		Total Amount	% of Assets
1917	$ 70	—	*	*	*	$ 562	9.6
1920	830	—	*	*	*	1,349	18.4
1925	627	—	*	*	*	1,311	11.3
1930	319	—	*	*	*	1,502	8.0
1935	2,853	—	$1,344	$ 4,197	$ 530	4,727	20.4
1940	5,767	—	2,082	7,849	598	8,447	27.5
1945	20,583	—	722	21,305	1,240	22,545	50.3
1950	13,459	—	1,152	14,611	1,507	16,118	25.2
1951	11,009	—	1,170	12,179	1,581	13,760	20.1
1952	10,252	—	1,153	11,405	1,500	12,905	17.6
1953	9,829	—	1,298	11,127	1,410	12,537	15.9
1954	9,070	—	1,846	10,916	1,346	12,262	14.5
1955	8,576	—	2,038	10,614	1,215	11,829	13.1
1956	7,555	—	2,273	9,828	1,239	11,067	11.5
1957	7,029	—	2,376	9,405	1,286	10,691	10.6
1958	7,183	†	2,681	9,864	1,371	11,235	10.5
1959	6,868	$ 72	3,200	10,140	1,520	11,660	10.3
1960	6,427	101	3,588	10,116	1,699	11,815	9.9
1961	6,134	110	3,888	10,132	1,913	12,045	9.5
1962	6,170	105	4,026	10,301	2,297	12,598	9.4
1963	5,813	139	3,852	9,804	2,826	12,630	8.9
1964	5,594	129	3,774	9,497	3,012	12,509	8.4
1965	5,119	167	3,530	8,816	3,092	11,908	7.5
1966	4,921	236	3,260	8,417	2,979	11,396	6.8
1967	4,683	230	3,145	8,058	3,021	11,079	6.2
1968	4,456	294	3,194	7,944	3,152	11,096	5.9
1969	4,124	390	3,221	7,735	3,179	10,914	5.5
1970	4,042	532	3,306	7,880	3,188	11,068	5.3
1971	3,828	627	3,363	7,818	3,182	11,000	4.9
1972	3,827	735	3,367	7,929	3,443	11,372	4.8
1973	3,444	884	3,412	7,740	3,663	11,403	4.5
1974	3,372	1,065	3,667	8,104	3,861	11,965	4.5
1975	4,736	1,419	4,508	10,663	4,514	15,177	5.2
1976	5,368	2,318	5,594	13,280	6,980	20,260	6.3
1977	5,315	4,002	6,051	15,368	8,187	23,555	6.7
1978	4,822	6,543	6,402	17,767	8,785	26,552	6.8
1979	4,888	9,381	6,428	20,697	9,022	29,719	6.9
1980	5,838	11,144	6,701	23,683	9,332	33,015	6.9
1981	8,167	14,293	7,151	29,611	9,891	39,502	7.5
1982	16,529	18,634	9,047	44,210	11,306	55,516	9.4
1983	28,636	25,863	9,986	64,485	12,130	76,615	11.7

*Breakdown not available.

†Holdings of U.S. Federal agency bonds in 1958 (the first year in which life companies held such securities) were estimated to be $50 million, and were included in other categories for that year.

Sources: *Spectator Year Book* and American Council of Life Insurance.

Corporate Securities

Corporate securities owned by U.S. life insurance companies were 45.3% of the companies' assets at year-end 1983, and amounted to $297.0 billion. This was an increase of $28.5 billion, or 10.6%, over the previous year and follows an increase of $27.0 billion, or 11.2%, in 1982. These securities consist of corporate bonds and stocks.

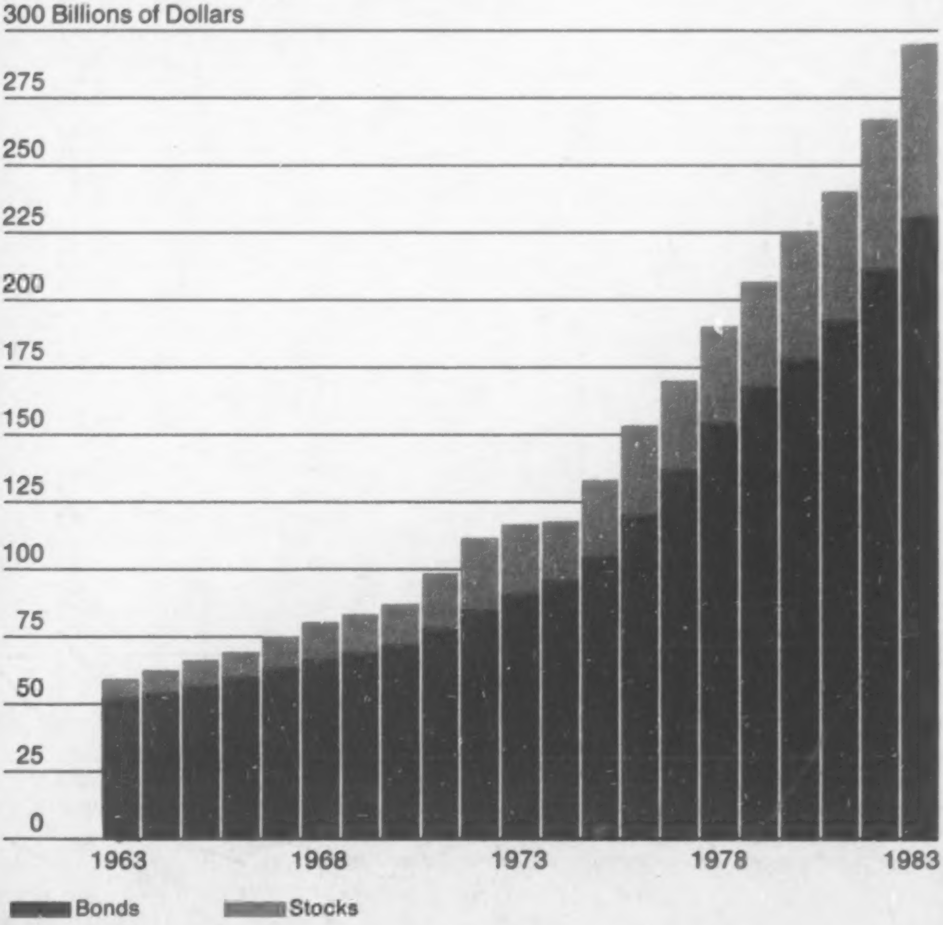
Corporate bond holdings amounted to $232.1 billion and were 35.4% of all assets at year-end 1983. These investments have increased steadily for many years and have more than doubled in the last decade. Demands for corporate bond financing were particularly heavy in the last seven years.

The major share of corporate bond holdings—$218.8 billion—was invested in corporations in the United States. The remainder—$13.3 billion—was invested in corporations in foreign countries, chiefly Canada.

Life insurance companies are important investors in the corporate bond market and have been the largest institutional holder of corporate bonds issued in U.S. markets since the 1930s. Nearly two-fifths of total outstanding corporate bonds are held by life insurance companies. Private or direct placements, where the

Growth in Holdings of Corporate Securities

U.S. Life Insurance Companies



financial institution negotiates directly with the corporation over the terms of the offering, account for a large share of life company investments in corporate bonds. Life insurance companies are the major lenders in the direct placement market.

U.S. corporate bonds include the bonds of industrial and miscellaneous corporations, public utilities and railroads. Industrial and miscellaneous bonds, which have steadily risen as a component since the end of World War II, amounted to $127.8 billion at the end of 1981 (the latest year for which data are available). The growth in this category of bonds reflects the postwar industrial expansion of the nation's economy. The bulk of such securities are acquired by direct placements.

Public utility bonds amounted to $49.2 billion at year-end 1981. These bonds represent an important investment medium for life insurance companies. Through these investments, the life companies have helped to provide the nation with vital

Corporate Securities

Owned by U.S. Life Insurance Companies (000,000 omitted)

	Bonds				Stocks					
Year	United States	Foreign	Total	% of Assets	Common	Preferred	Total	% of Assets	Total Amount	% of Assets
1917 ...	*	*	$ 1,975	33.2	*	*	$ 83	1.4	$ 2,058	34.6
1920 ...	*	*	1,949	26.7	*	*	75	1.0	2,024	27.7
1925 ...	*	*	3,022	26.2	*	*	81	.7	3,103	26.9
1930 ...	*	*	4,929	26.0	*	*	519	2.8	5,448	28.8
1935 ...	*	*	5,314	22.9	*	*	583	2.5	5,897	25.4
1940 ...	*	*	8,645	28.1	*	*	605	2.0	9,250	30.1
1945 ...	*	*	10,060	22.5	*	*	999	2.2	11,059	24.7
1950 ...	$ 22,607	$ 641	23,248	36.3	$ 649	$ 1,454	2,103	3.3	25,351	39.6
1951 ...	25,147	743	25,890	37.9	820	1,401	2,221	3.3	28,111	41.2
1952 ...	28,164	905	29,069	39.6	963	1,483	2,446	3.3	31,515	42.9
1953 ...	30,750	1,115	31,865	40.6	1,042	1,531	2,573	3.3	34,438	43.9
1954 ...	32,774	1,258	34,032	40.3	1,536	1,732	3,268	3.9	37,300	44.2
1955 ...	34,629	1,283	35,912	39.7	1,889	1,744	3,633	4.0	39,545	43.7
1956 ...	36,606	1,434	38,040	39.6	1,952	1,551	3,503	3.7	41,543	43.4
1957 ...	39,065	1,600	40,665	40.1	1,867	1,524	3,391	3.3	44,056	43.8
1958 ...	41,234	1,764	42,998	40.0	2,548	1,561	4,109	3.8	47,107	43.8
1959 ...	43,142	1,884	45,026	39.6	2,954	1,607	4,561	4.0	49,587	43.6
1960 ...	44,709	2,031	46,740	39.1	3,183	1,798	4,981	4.2	51,721	43.3
1961 ...	46,595	2,292	48,887	38.5	4,223	2,035	6,258	4.9	55,145	43.4
1962 ...	48,522	2,602	51,124	38.4	4,119	2,183	6,302	4.7	57,426	43.1
1963 ...	50,620	2,833	53,453	37.9	4,820	2,315	7,135	5.0	60,588	42.9
1964 ...	52,408	3,046	55,454	37.1	5,422	2,516	7,938	5.3	63,392	42.4
1965 ...	54,835	3,409	58,244	36.7	6,263	2,863	9,126	5.7	67,370	42.4
1966 ...	57,105	3,714	60,819	36.3	6,003	2,829	8,832	5.3	69,651	41.6
1967 ...	60,835	3,852	64,687	36.4	7,810	3,067	10,877	6.1	75,564	42.5
1968 ...	64,396	3,914	68,310	36.2	9,995	3,235	13,230	7.0	81,540	43.2
1969 ...	66,813	4,046	70,859	36.0	10,318	3,389	13,707	6.9	84,566	42.9
1970 ...	68,711	4,387	73,098	35.3	11,873	3,547	15,420	7.4	88,518	42.7
1971 ...	74,699	4,499	79,198	35.7	16,779	3,828	20,607	9.3	99,805	45.0
1972 ...	81,244	4,896	86,140	35.9	21,793	5,052	26,845	11.2	112,985	47.1
1973 ...	86,848	4,948	91,796	36.4	19,606	6,313	25,919	10.3	117,715	46.7
1974 ...	91,412	5,240	96,652	36.7	14,946	6,974	21,920	8.3	118,572	45.0
1975 ...	99,993	5,844	105,837	36.6	20,304	7,757	28,061	9.7	133,898	46.3
1976 ...	113,474	7,192	120,666	37.5	25,694	8,568	34,262	10.7	154,928	48.2
1977 ...	130,181	7,708	137,889	39.2	24,086	9,677	33,763	9.6	171,652	48.8
1978 ...	147,118	8,926	156,044	40.0	24,986	10,532	35,518	9.1	191,562	49.1
1979 ...	159,738	9,252	168,990	39.1	28,161	11,596	39,757	9.2	208,747	48.3
1980 ...	169,699	9,904	179,603	37.5	35,571	11,795	47,366	9.9	226,969	47.4
1981 ...	182,613	11,193	193,806	36.8	35,408	12,262	47,670	9.1	241,476	45.9
1982 ...	200,286	12,486	212,772	36.2	42,355	13,375	55,730	9.5	268,502	45.7
1983 ...	218,822	13,301	232,123	35.4	51,840	13,028	64,868	9.9	296,991	45.3

*Breakdown not available.

Sources: *Spectator Year Book* and American Council of Life Insurance.

services for people and industry. One example is the increase in electrical power for industrial expansion and the means of distributing it. Life insurance companies have also helped finance expanded communications facilities and have invested in water, sewerage, fuel and local transportation facilities.

Railroad bonds, which had been declining as a proportion of assets since the end of World War II, amounted to $5.5 billion in 1981. In the 1920s, railroad bonds accounted for about 20% of total assets held by life insurance companies, compared to 1.0% at year-end 1981.

Long-term shifts in investment demand are reflected in changes in life companies' portfolios. Since World War II, for example, there have been shifts in holdings from government securities to corporate securities. Changes in relative yields of the various types of investments account in part for these shifts. Investment of life insurance funds is not, however, a simple matter of following changes in yield curves and in assessments of investment quality. Decisions about long-term investments also require consideration of major economic and social trends for decades to come.

Investments in common and preferred stocks account for the remainder of corporate securities owned by U.S. life insurance companies. These holdings amounted to $64.9 billion, or 9.9% of total assets at the end of 1983.

Holdings of common stocks increased by $9.5 billion to $51.8 billion in 1983. Preferred stocks decreased by $347 million, or 2.6%, to total $13.0 billion at year-end 1983.

Historically, stocks have been a small percentage of total assets for reasons rooted in both the investment philosophy of the business and in the laws regulating life insurance. Stocks have not been heavily used as a major investment medium for funds backing life insurance policies because of the contractual guarantees for specified dollar amounts in these policies.

Legal restrictions on stock investments have also been quite specific. For many years life companies operating in New York State could not, under law, invest in any common stock. The law was first amended in 1951 to permit some investments of this type.

The growth of funding of pension plans with life companies and variable annuities through equity securities also has led to changes. The introduction of variable life insurance has also altered the situation. State laws generally permit certain assets of these and other plans to be maintained in an account separate from a company's other assets, with up to 100% invested in stocks or other equities. At year-end 1983, 47.9% of all common stocks held by life insurance companies were in separate accounts.

Mortgages

Life insurance company mortgage holdings at year-end 1983 amounted to $151.0 billion, or 23.1% of total assets. The asset share for mortgage loans was down from 24.1% at year-end 1982. The asset share had decreased in most years since 1966, when mortgages were 38.6% of total assets.

During 1983, farm mortgages held by life companies decreased by $89 million, or 0.7%, to total $12.7 billion at the end of the year. This amount was 8.4% of total mortgages held by the companies at year-end 1983.

Classifications of nonfarm mortgage holdings by type of financing show that conventional mortgages have accounted for the growth in life insurance companies' nonfarm mortgage portfolios, while government-backed mortgages have decreased for a number of years. Loans guaranteed by the Veterans' Administration declined in nearly every year since 1957 and amounted to $2.2 billion at the end of 1983. Mortgages insured by the Federal Housing Administration (including loans in Canada insured under the Canadian National Housing Act) have decreased for seventeen consecutive years and amounted to $4.9 billion at year-end 1983.

Mortgages

Owned by U.S. Life Insurance Companies (000,000 omitted)

Year	Farm	Non-farm	Total Amount	% of Assets	Year	Farm	Non-farm	Total Amount	% of Assets
1890 ...	*	*	$ 310	40.2	1920 ...	$1,270	$1,172	$2,442	33.4
1895 ...	*	*	412	35.6	1925 ...	2,040	2,768	4,808	41.7
1900 ...	*	*	501	28.8	1930 ...	2,057	5,541	7,598	40.2
1905 ...	*	*	724	26.7	1935 ...	1,073	4,284	5,357	23.1
1910 ...	*	*	1,227	31.7	1940 ...	899	5,073	5,972	19.4
1915 ...	*	*	1,779	34.3	1945 ...	776	5,860	6,636	14.8

Year	Farm	Nonfarm F.H.A.†	Nonfarm V.A.	Nonfarm Conventional	Total Amount	% of Assets
1947	$ 895	$ 1,398	$ 844	$ 5,538	$ 8,675	16.8
1950	1,327	4,573	2,026	8,176	16,102	25.1
1955	2,273	6,530	6,074	14,568	29,445	32.6
1960	2,982	9,290	6,901	22,598	41,771	34.9
1965	4,823	12,538	6,286	36,366	60,013	37.8
1966	5,240	12,852	6,201	40,316	64,609	38.6
1967	5,569	12,672	6,122	43,153	67,516	38.0
1968	5,801	12,469	5,954	45,749	69,973	37.1
1969	5,773	12,271	5,701	48,282	72,027	36.6
1970	5,649	12,001	5,394	51,331	74,375	35.9
1971	5,601	11,336	5,004	53,555	75,496	34.0
1972	5,678	10,512	4,660	56,098	76,948	32.1
1973	5,996	9,740	4,402	61,231	81,369	32.2
1974	6,327	9,115	4,178	66,614	86,234	32.8
1975	6,753	8,502	3,903	70,009	89,167	30.8
1976	7,425	7,838	3,603	72,686	91,552	28.5
1977	8,842	7,182	3,348	77,476	96,848	27.5
1978	10,499	6,705	3,164	85,799	106,167	27.2
1979	12,184	6,372	2,975	96,890	118,421	27.4
1980	12,958	6,066	2,781	109,275	131,080	27.4
1981	13,100	5,651	2,590	116,406	137,747	26.2
1982	12,831	5,309	2,462	121,387	141,989	24.1
1983	12,742	4,921	2,241	131,095	150,999	23.1

*Breakdown not available.

†Includes mortgages insured under the Canadian National Housing Act; in 1983 these amounted to $450 million.

Source: American Council of Life Insurance.

Mortgages Owned by U.S. Life Insurance Companies by Type and State 1983 (000 omitted)

State	Farm	Non-Farm	Total
Alabama	$ 111,700	$ 1,579,400	$ 1,691,100
Alaska	4,600	229,700	234,300
Arizona	238,700	2,402,700	2,641,400
Arkansas	388,200	446,800	835,000
California	1,991,300	19,382,000	21,373,300
Colorado	376,000	3,969,900	4,345,900
Connecticut	2,100	1,553,300	1,555,400
Delaware	1,300	214,100	215,400
D.C.	—	2,270,100	2,270,100
Florida	514,200	7,202,400	7,716,600
Georgia	216,700	4,102,100	4,318,800
Hawaii	14,800	1,436,600	1,451,400
Idaho	264,700	289,000	553,700
Illinois	780,600	7,497,800	8,278,400
Indiana	498,700	2,426,600	2,925,300
Iowa	985,800	886,700	1,872,500
Kansas	387,100	1,082,900	1,470,000
Kentucky	174,700	1,400,700	1,575,400
Louisiana	235,100	2,789,800	3,024,900
Maine	1,300	154,100	155,400
Maryland	21,700	3,037,100	3,058,800
Massachusetts	500	2,854,900	2,855,400
Michigan	82,200	3,178,600	3,260,800
Minnesota	435,900	2,461,800	2,897,700
Mississippi	320,800	638,900	959,700
Missouri	459,400	2,444,600	2,904,000
Montana	404,600	151,400	556,000
Nebraska	690,200	652,600	1,342,800
Nevada	92,300	746,900	839,200
New Hampshire	5,600	247,100	252,700
New Jersey	2,800	4,234,800	4,237,600
New Mexico	116,600	517,400	634,000
New York	27,700	7,101,000	7,128,700
North Carolina	112,700	2,581,100	2,693,800
North Dakota	61,900	158,700	220,600
Ohio	293,700	3,796,300	4,090,000
Oklahoma	187,400	1,867,100	2,054,500
Oregon	213,700	1,238,600	1,452,300
Pennsylvania	31,700	3,149,500	3,181,200
Rhode Island	—	115,900	115,900
South Carolina	26,700	1,204,600	1,231,300
South Dakota	141,900	136,000	277,900
Tennessee	70,900	2,245,400	2,316,300
Texas	940,300	19,043,100	19,983,400
Utah	13,800	1,033,500	1,047,300
Vermont	1,700	57,600	59,300
Virginia	46,100	4,306,600	4,352,700
Washington	431,700	2,701,500	3,133,200
West Virginia	11,700	191,400	203,100
Wisconsin	145,700	1,305,200	1,450,900
Wyoming	138,100	181,500	319,600
Puerto Rico	—	304,000	304,000
U.S. Territories and Possessions	—	2,000	2,000
Total U.S.	12,717,600	135,203,400	147,921,000
Canada	10,800	2,995,600	3,006,400
Other Foreign	13,300	57,500	70,800
TOTAL	$12,741,700	$138,256,500	$150,998,200

Source: American Council of Life Insurance.

A survey of the geographic distribution of the $151.0 billion in mortgage holdings of U.S. life companies at the end of 1983 showed that all but 2.0% were on properties located in the United States. By state, mortgage holdings were greatest in California, where they totaled $21.4 billion.

By far the largest portion of mortgages on properties outside the United States in 1983 was $3.0 billion in Canada. Much of the investment outside the United States applies to reserves set aside in connection with policies bought by residents of foreign countries.

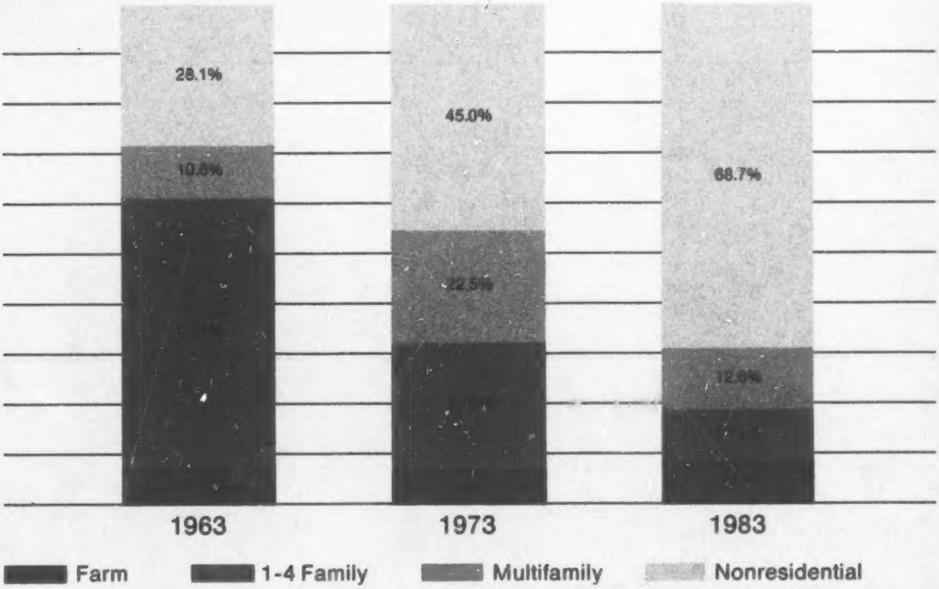
Mortgages held on properties in the United States showed a net increase during 1983 of $9.2 billion, compared with $4.4 billion in 1982. Loans on nonfarm, nonresidential properties increased by $10.3 billion during 1983. An analysis of life insurance companies' gross flow of mortgage loans during 1983 showed that acquisitions of mortgages on properties in the U.S. totaled $20.1 billion while dispositions totaled $10.9 billion, primarily through repayments. Nonfarm, nonresidential mortgages (including land loans) continued to dominate life companies' mortgage acquisitions and holdings.

At the end of 1983, one-to-four family housing accounted for 10.1% of total mortgages held by the companies on U.S. properties, compared with 25.0% at the end of 1973 and 53.7% at year-end 1963.

The 1960s saw life companies becoming more involved in mortgages on multifamily housing in response to the increasing loan demand that accompanied a rise in the construction of these housing units. Multifamily housing mortgages accounted for 10.6% of mortgages held by life insurance companies on U.S. properties in 1963 and 22.5% in 1973. Holdings of multifamily housing mortgages decreased as a percentage of the total to 12.6% in 1983, amounting to $18.6 billion at year-end.

Distribution of Mortgages by Type in the United States

U.S. Life Insurance Companies



The properties underlying life insurance company holdings of nonfarm, nonresidential mortgages cover a broad range of commercial, industrial and institutional uses, including retail stores and shopping centers, office buildings and factories, hospitals and medical centers. Holdings of these nonresidential mortgages represented 28.1% of U.S. mortgages held by life companies in 1963, 45.0% in 1973 and 68.7% in 1983. During 1983, these mortgage holdings increased by $10.3 billion, or 11.3%, to total $101.7 billion at the end of the year.

Gross Flow of Mortgage Loans in the United States

U.S. Life Insurance Companies (000,000 omitted)

		Residential			
Year	Farm	1-4 Family	Multifamily	Nonresidential	Total
HELD YEAR END					
1973	$ 5,965	$19,720	$17,817	$ 35,541	$ 79,043
1974	6,297	18,353	18,915	40,114	83,679
1975	6,726	16,926	18,890	43,839	86,381
1976	7,400	15,463	18,439	47,264	88,566
1977	8,819	14,045	17,895	52,970	93,729
1978	10,478	13,862	18,251	60,289	102,880
1979	12,165	15,586	18,507	68,876	115,134
1980	12,928	17,381	18,910	78,496	127,715
1981*	13,074	16,788	18,696	85,793	134,351
1982*	12,805	16,300	18,303	91,311	138,719
1983	12,717	14,942	18,610	101,652	147,921
ACQUISITIONS DURING YEAR					
1973	$ 1,005	$ 645	$ 2,459	$ 7,033	$ 11,142
1974	1,005	544	2,233	7,145	10,927
1975	1,075	382	1,268	6,581	9,306
1976	1,510	490	828	6,619	9,447
1977	2,373	639	1,045	9,835	13,892
1978	2,748	1,663	1,912	11,082	17,405
1979	2,806	3,534	1,727	12,309	20,376
1980	1,654	3,174	1,531	13,175	19,534
1981*	1,108	653	751	10,810	13,322
1982*	695	821	482	9,497	11,495
1983	1,109	1,082	1,688	16,205	20,084
DISPOSITIONS DURING YEAR					
1973	$ 683	$ 2,474	$ 1,392	$ 2,316	$ 6,865
1974	673	1,911	1,135	2,572	6,291
1975	646	1,809	1,293	2,856	6,604
1976	836	1,953	1,279	3,194	7,262
1977	954	2,057	1,589	4,129	8,729
1978	1,089	1,846	1,556	3,763	8,254
1979	1,119	1,810	1,471	3,722	8,122
1980	891	1,379	1,128	3,555	6,953
1981*	962	1,246	965	3,513	6,686
1982*	964	1,309	875	3,979	7,127
1983	1,197	2,440	1,381	5,864	10,882

*Revised

Source: American Council of Life Insurance.

Real Estate

U.S. life insurance companies increased their holdings of directly owned real estate to $22.2 billion at the end of 1983, an increase of $1.6 billion, or 7.8%, during the year. This follows an increase of 12.8% in 1982.

The total of these holdings has moved upward steadily for almost three decades, making possible a variety of industrial and business facilities and housing for many families. Well over half of the growth in the last five years has been accounted for by real estate acquired for investment purposes. Holdings for the companies' own use have also increased as the growth in business has led to the need for additional space. Real estate amounted to 3.4% of the companies' assets at the end of 1983.

Investments in commercial and residential properties accounted for $17.6 billion, or 79.3%, of the 1983 total real estate holdings; the life companies' own home and branch offices accounted for $3.8 billion, or 17.0%; and the balance was accounted for by other types of real estate, mainly properties acquired in settlement of mortgage debt.

Life insurance companies were pioneers in the construction of large apartment complexes under their ownership. Many companies have encouraged the construction of shopping centers by purchasing them from developers and leasing them back for management. And some have been active in the construction of multipurpose skyscrapers and downtown centers whose ownership they retain.

A survey of the geographic distribution of real estate owned by U.S. life insurance companies at the end of 1979 shows that all but 1.5% of the total were properties located in the United States. By far the largest part of real estate investment outside the United States was $184 million in Canada.

Real Estate

Owned by U.S. Life Insurance Companies (000,000 omitted)

Year	Amount	% of Assets	Year	Amount	% of Assets
1890	$ 81	10.5	1967	$ 5,187	2.9
1895	125	10.8	1968	5,571	3.0
1900	158	9.1	1969	5,912	3.0
1905	171	6.3	1970	6,320	3.0
1910	173	4.5	1971	6,904	3.1
1915	173	3.3	1972	7,295	3.0
1920	172	2.3	1973	7,693	3.0
1925	266	2.3	1974	8,331	3.2
1930	548	2.9	1975	9,621	3.3
1935	1,990	8.6	1976	10,476	3.3
1940	2,065	6.7	1977	11,060	3.2
1945	857	1.9	1978	11,764	3.0
1950	1,445	2.2	1979	13,007	3.0
1955	2,581	2.9	1980	15,033	3.1
1960	3,765	3.1	1981	18,278	3.5
1965	4,681	3.0	1982	20,624	3.5
1966	4,885	2.9	1983	22,234	3.4

Sources: *Spectator Year Book* and American Council of Life Insurance.

Real Estate Owned by U.S. Life Insurance Companies by State 1979 (000 omitted)

State	Farm	Other	Total
Alabama	$ 1,000	$ 74,800	$ 75,800
Alaska	—	4,400	4,400
Arizona	4,000	155,400	159,400
Arkansas	23,000	27,600	50,600
California	63,900	1,756,100	1,820,000
Colorado	13,700	125,400	139,100
Connecticut	—	333,500	333,500
Delaware	—	10,800	10,800
D.C.	—	115,300	115,300
Florida	5,700	759,600	765,300
Georgia	3,400	401,200	404,600
Hawaii	—	85,000	85,000
Idaho	4,000	8,200	12,200
Illinois	17,300	978,400	995,700
Indiana	2,600	281,300	283,900
Iowa	200	71,000	71,200
Kansas	—	88,000	88,000
Kentucky	—	94,100	94,100
Louisiana	300	139,900	140,200
Maine	—	14,900	14,900
Maryland	100	252,600	252,700
Massachusetts	—	641,800	641,800
Michigan	*	399,700	399,700
Minnesota	100	388,500	388,600
Mississippi	44,500	39,800	84,300
Missouri	2,400	258,600	261,000
Montana	*	8,300	8,300
Nebraska	700	190,700	191,400
Nevada	1,100	11,000	12,100
New Hampshire	—	2,700	2,700
New Jersey	*	522,500	522,500
New Mexico	100	65,000	65,100
New York	—	1,198,300	1,198,300
North Carolina	20,000	109,000	129,000
North Dakota	—	10,900	10,900
Ohio	500	396,100	396,600
Oklahoma	200	112,100	112,300
Oregon	12,100	77,200	89,300
Pennsylvania	—	553,100	553,100
Rhode Island	—	36,500	36,500
South Carolina	4,100	78,100	82,200
South Dakota	—	12,600	12,600
Tennessee	2,800	268,900	271,700
Texas	8,400	867,200	875,600
Utah	700	34,800	35,500
Vermont	—	8,700	8,700
Virginia	700	215,600	216,300
Washington	1,500	91,800	93,300
West Virginia	—	20,800	20,800
Wisconsin	1,400	160,200	161,600
Wyoming	900	1,300	2,200
Puerto Rico	—	14,800	14,800
U.S. Territories and Possessions	—	3,000	3,000
Total United States	241,400	12,577,100	12,818,500
Canada	—	183,500	183,500
Other Foreign	—	5,300	5,300
TOTAL	$241,400	$12,765,900	$13,007,300

*Less than $50,000.

Source: American Council of Life Insurance.

Policy Loans

Life insurance company loans to policyholders against the cash values of their life policies amounted to $54.1 billion by year-end 1983, a net increase of $1.1 billion after repayments. This increase follows the record increase of $7.3 billion set in 1981 and an increase of $4.3 billion in 1982.

Policy loans outstanding accounted for 8.3% of company assets at year-end 1983, down from 9.0% in 1982. The amount of policy loans has been increasing for more than two decades. They did not, however, exceed 5.0% of company assets between 1945 and 1965.

The amount of policy loans outstanding increased only 2.1% from 1982 to 1983. The relatively large increases during the past several years through 1982 were related to the general levels of interest rates on other forms of borrowing. The interest rate guaranteed for a life insurance policy loan has been relatively lower than could be obtained elsewhere.

Tight money conditions led to sharp increases in demand for policy loans in 1973-1974, and again in 1979-1982. The trend indicates that a policy loan interest rate more closely related to the general level of interest rates is appropriate. Legislation permitting flexible policy loan interest rates, based on an index of corporate bonds, has been enacted in most states.

Life companies must make policy loans from funds that they would otherwise invest. Since premium rates are based in part on an anticipated investment return, interest must be charged on the loans. At the same time, the amount of a policy's protection is reduced by the amount of a loan, and policyholders are advised by their life companies that an outstanding loan can seriously impair a family's insurance planning. None of the amounts of policy loans shown here include loans made to policyholders by banks or by other lending institutions holding the borrowers' life insurance policies as collateral.

Policy Loans

U.S. Life Insurance Companies (000,000 omitted)

Year	Amount	% of Assets	Year	Amount	% of Assets
1890	$ 20	2.6	1967	$ 10,059	5.7
1895	36	3.1	1968	11,306	6.0
1900	89	5.1	1969	13,825	7.0
1905	226	8.3	1970	16,064	7.8
1910	495	12.8	1971	17,065	7.7
1915	780	15.0	1972	18,003	7.5
1920	859	11.7	1973	20,199	8.0
1925	1,446	12.5	1974	22,862	8.7
1930	2,807	14.9	1975	24,467	8.5
1935	3,540	15.2	1976	25,834	8.0
1940	3,091	10.0	1977	27,556	7.8
1945	1,962	4.4	1978	30,146	7.8
1950	2,413	3.8	1979	34,825	8.1
1955	3,290	3.6	1980	41,411	8.6
1960	5,231	4.4	1981	48,706	9.3
1965	7,678	4.8	1982	52,961	9.0
1966	9,117	5.5	1983	54,063	8.3

Sources: *Spectator Year Book* and American Council of Life Insurance.

Miscellaneous Assets

U.S. life insurance companies held $54.0 billion in miscellaneous assets at the end of 1983.

Two major components accounting for half of the total are due and deferred premiums, and interest and other investment income due and accrued. Due and deferred premiums are premiums that had not yet been received at the end of the year, but for which reserves had been established by the companies. Due and accrued investment income is income that had been earned but not yet received.

Another major item is cash holdings, relatively moderate amounts of which are needed for prompt payments to beneficiaries, policy loans and other services.

In 1981 (the latest year for which data are available) miscellaneous assets included $3.5 billion invested in real estate joint ventures. Under these holdings, the life company forms a partnership with others to share in the ownership, operation, risk and profit of the property.

Many life companies own equipment for lease-back to other businesses. At year-end 1981, $175 million was invested in transportation equipment, including jet aircraft, railroad cars and automotive fleets.

Miscellaneous Assets

U.S. Life Insurance Companies (000,000 omitted)

Year	Amount	% of Assets	Year	Amount	% of Assets
1890	$ 89	11.5	1925	$ 604	5.3
1895	111	9.6	1930	977	5.2
1900	192	11.0	1935	1,705	7.3
1905	201	7.4	1940	1,977	6.3
1910	191	4.9	1945	1,738	3.9
1915	282	5.4	1950	2,591	4.1
1920	474	6.5	1955	3,742	4.1

Year	Cash	Due and Deferred Premiums	Due and Accrued Investment Income	Other	Total Amount	% of Assets
1960	$1,330	$ 2,379	$1,006	$ 558	$ 5,273	4.4
1965	1,503	3,303	1,403	1,025	7,234	4.5
1966	1,547	3,673	1,529	1,048	7,797	4.6
1967	1,576	3,963	1,674	1,214	8,427	4.7
1968	1,682	4,302	1,813	1,353	9,150	4.8
1969	1,634	4,688	1,985	1,657	9,964	5.0
1970	1,758	5,118	2,185	1,848	10,909	5.3
1971	1,763	5,436	2,404	2,229	11,832	5.3
1972	1,981	5,976	2,679	2,491	13,127	5.5
1973	2,071	6,376	2,932	2,678	14,057	5.6
1974	1,999	7,086	3,263	3,037	15,385	5.8
1975	1,925	7,744	3,741	3,564	16,974	5.9
1976	2,003	8,375	4,349	3,775	18,502	5.7
1977	2,130	9,284	5,048	4,589	21,051	6.0
1978	2,367	10,349	5,844	5,173	23,733	6.1
1979	2,670	11,692	6,555	6,646	27,563	6.3
1980	3,210	12,939	7,419	8,134	31,702	6.6
1981	4,279	14,722	8,352	12,741	40,094	7.6
1982	4,612	15,515	9,533	18,911	48,571	8.3
1983	3,964	16,099	10,971	23,012	54,046	8.3

Sources: *Spectator Year Book* and American Council of Life Insurance.

Assets Held In Separate Accounts

Separate account investments totaled $67.9 billion at the end of 1983. Holdings in these accounts increased by $10.6 billion, or 18.5%, during the year.

Of the total amount held, $24.8 billion, or 36.6%, was in common stocks, compared with $20.6 billion, or 35.9%, at the end of 1982. Acquisitions of common stocks for separate accounts amounted to $17.6 billion in 1983 and $16.4 billion of common stocks were disposed of during the year. The increase in common stocks of $4.3 billion consisted of net acquisitions of $1.2 billion and an increase in valuation of $3.1 billion. Holdings of bonds increased 11.1% to $27.3 billion during 1983. Real estate holdings increased by $751 million, or 13.2%, in 1983.

Separate accounts were first used by U.S. life insurance companies in connection with their pension business in the early 1960s. A separate account is a fund established by a life insurance company and held separately from all other assets. State laws provide that assets in separate accounts may be invested without regard to the restrictions that are usually placed on the general investments of life companies. Thus, a separate account portfolio might be comprised of only common stocks, only bonds, only mortgages, or some combination of these investments.

While separate accounts have been used primarily to fund individual and group annuities, the introduction of variable life insurance will increase the use of separate accounting for life insurance purposes. At the end of 1983, twelve life companies had established separate accounts to back variable life insurance policies.

Distribution of Assets Held In Separate Accounts

U.S. Life Insurance Companies (000,000 omitted)

Year	Bonds	Stocks		Mortgages	Real Estate	Cash	Other	Total
		Common	Preferred					
1967	$ 114	$ 1,055	$ 9	$ 14	*	$ 13	$ 2	$ 1,207
1968	233	1,915	31	20	$ 1	48	21	2,269
1969	638	2,745	48	36	1	52	99	3,619
1970	878	3,955	86	37	2	69	34	5,061
1971	763	6,416	83	87	24	88	62	7,523
1972	948	8,673	71	120	96	68	82	10,058
1973	1,581	7,900	53	171	186	64	75	10,030
1974	2,326	6,158	34	202	372	57	127	9,276
1975	2,553	9,277	46	200	563	55	279	12,973
1976	2,750	12,152	67	214	653	41	346	16,223
1977	4,569	10,946	51	268	803	43	678	17,358
1978	6,604	11,493	35	311	1,146	45	792	20,426
1979	9,187	12,868	34	410	2,097	50	998	25,644
1980	12,392	17,665	40	687	3,341	307	1,340	35,772
1981	18,244	16,909	48	1,401	5,030	359	2,103	44,094
1982	24,563	20,563	78	2,556	5,686	471	3,364	57,281
1983	27,294	24,845	273	4,372	6,437	532	4,103	67,856

Note: In 1983, 171 U.S. life companies had assets in separate accounts, compared with 157 companies in 1982.

*Less than $500,000.

Source: American Council of Life Insurance.

LIFE INSURANCE COMPANIES

The number of U.S. legal reserve life insurance companies in business at the end of 1983 totaled an estimated 2,125.

Growth in the number of companies was most rapid between the end of World War II and 1970. The number of companies reached an all-time high in 1983 following a period of relative decline between 1970 and 1977. The data shown here do not include fraternal benefit societies although they may operate on a legal reserve basis.

The great majority of companies added through the years were newly-formed organizations. The others had converted from fraternal and assessment life insurers, or from nonlife insurers, to a legal reserve life company status. Some had been formed by consolidation of two or more existing companies. Others were set up to take over the business of another company. Still others had been reactivated after being dormant. (Companies not actively in business are not included in the total, even though they may be chartered and licensed.)

Most companies that discontinued operations did so by merging with or into other insurers or had all their outstanding business reinsured in other life insurance companies. The remaining companies terminated for various reasons, including conversion to nonlife company status.

The majority of small new companies formed in recent years remain in business. By specializing in meeting the needs of families in specific regions, many have been able to compete successfully with older and larger companies whose operations encompass larger areas.

Of the companies in business at mid-1983, there were at least two domiciled in each state with the exception of Alaska, which has one. Arizona had the largest number, followed by Texas and Louisiana.

Of the companies in business at mid-year 1983, a total of 1,963, or 93.7%, were owned by stockholders. The remaining 132 were mutual companies. Mutual companies, which are generally older and larger than the stockholder-owned companies, had 55.7% of the assets of all U.S. life companies and accounted for 42.7%

Number of U.S. Life Insurance Companies

Year	Number	Year	Number	Year	Number
1759	1	1910	284	1967	1,715
1760	1	1915	295	1968	1,763
1770	2	1920	335	1969	1,773
1780	2	1925	379	1970	1,780
1790	3	1930	438	1971	1,765
1800	4	1935	373	1972	1,753
1810	2	1940	444	1973	1,766
1820	6	1945	473	1974	1,757
1830	9	1950	649	1975	1,746
1840	15	1955	1,107	1976	1,742
1850	48	1960	1,441	1977	1,789
1860	43	1961	1,448	1978	1,840
1870	129	1962	1,469	1979	1,895
1880	59	1963	1,488	1980	1,958
1890	60	1964	1,547	1981	1,991
1900	84	1965	1,629	1982	2,060
1905	126	1966	1,704	1983	2,125

Note: Data for 1982 are revised. The figure for 1983 is preliminary.

Sources: *Marketing Life Insurance* (J. Owen Stalson), American Council of Life Insurance and *Best's Review*.

of life insurance in force. In the past 17 years, five companies have converted from the status of a mutual company to a stock company and two stock companies have converted to mutuals.

In mid-year 1983, most stock companies were located in either the South, 38%, or the West, 36%, with the remaining companies in the North Central region, 18%, and the Northeast, 8%. Mutual companies were domiciled predominantly in the North Central region, 53% of the total, followed by 29% in the Northeast, 13% in the South and 5% in the West.

At year-end 1982, there were 194 life insurance companies that had been writing life insurance for more than 50 years. Among these, 31 were at least a century old. In each of the four geographic divisions of the United States there was at least one company that commenced business 100 years ago or earlier.

The older companies, those over 100 years old, held the majority of assets and life insurance in force at the end of 1982, 60.2% and 43.9%, respectively. Companies in business between 50 and 100 years accounted for 19.9% of the assets and 23.2% of the total in force. Younger companies—those in business for 25 to 50 years—had 8.1% of the assets and 12.2% of the life insurance in force. The relatively newer companies, those in business less than 25 years, had 11.8% of assets and 20.7% of the insurance in force.

Number of U.S. Life Insurance Companies by State, Mid-Year 1983

State	Number	State	Number	State	Number
Alabama	33	Louisiana	109	Oklahoma	75
Alaska	1	Maine	5	Oregon	7
Arizona	567	Maryland	13	Pennsylvania	58
Arkansas	25	Massachusetts	17	Rhode Island	8
California	55	Michigan	27	South Carolina	26
Colorado	25	Minnesota	22	South Dakota	9
Connecticut	21	Mississippi	30	Tennessee	22
Delaware	59	Missouri	47	Texas	230
D.C.	10	Montana	2	Utah	14
Florida	44	Nebraska	29	Vermont	4
Georgia	33	Nevada	3	Virginia	12
Hawaii	7	New Hampshire	4	Washington	22
Idaho	5	New Jersey	14	West Virginia	2
Illinois	89	New Mexico	7	Wisconsin	30
Indiana	56	New York	71	Wyoming	2
Iowa	35	North Carolina	24		
Kansas	20	North Dakota	10	Total U.S.	2,095
Kentucky	14	Ohio	41		

Note: Data are based on reports from individual state insurance departments. These companies are considered legal reserve life insurance companies by their respective state insurance departments but may not meet the requirements for this classification as set by other states.

Source: American Council of Life Insurance.

Number of U.S. Life Insurance Companies in Business, Year-End 1982

Year Commenced Business	Stock	Mutual	Total
1875 and Prior	8	23	31
1876-1925	95	31	126
1926-1950	162	40	202
1951-1960	334	18	352
1961-1970	444	18	462
1971-1980	613	4	617
1981-1982	270	0	270
Total	1,926	134	2,060

Source: American Council of Life Insurance.

Change in Number of U.S. Life Insurance Companies in Business in the United States

	In Business Start of Year			New	Discon-	In Business Year-End			Net Changes
Year	Stock	Mutual	Total	Operations	tinued	Stock	Mutual	Total	During Year
1950	478	133	611	44	6	507	142	649	+ 38
1951	507	142	649	50	20	531	148	679	+ 30
1952	531	148	679	62	11	567	163	730	+ 51
1953	567	163	730	117	15	661	171	832	+ 102
1954	661	171	832	115	30	753	164	917	+ 85
1955	753	164	917	216	26	942	165	1,107	+ 190
1956	942	165	1,107	133	49	1,035	156	1,191	+ 84
1957	1,035	156	1,191	120	38	1,119	154	1,273	+ 82
1958	1,119	154	1,273	142	50	1,212	153	1,365	+ 92
1959*	1,212	153	1,365	125	65	1,273	152	1,425	+ 60
1960	1,273	152	1,425	96	80	1,286	155	1,441	+ 16
1961	1,286	155	1,441	87	80	1,292	156	1,448	+ 7
1962	1,292	156	1,448	101	80	1,312	157	1,469	+ 21
1963	1,312	157	1,469	86	67	1,332	156	1,488	+ 19
1964	1,332	156	1,488	131	72	1,393	154	1,547	+ 59
1965	1,393	154	1,547	149	67	1,475	154	1,629	+ 82
1966	1,475	154	1,629	156	81	1,550	154	1,704	+ 75
1967	1,550	154	1,704	90	79	1,561	154	1,715	+ 11
1968	1,561	154	1,715	112	64	1,608	155	1,763	+ 48
1969	1,608	155	1,763	74	64	1,619	154	1,773	+ 10
1970	1,619	154	1,773	73	66	1,627	153	1,780	+ 7
1971	1,627	153	1,780	49	64	1,612	153	1,765	- 15
1972	1,612	153	1,765	76	88	1,603	150	1,753	- 12
1973	1,603	150	1,753	75	62	1,619	147	1,766	+ 13
1974	1,619	147	1,766	73	82	1,612	145	1,757	- 9
1975	1,612	145	1,757	63	74	1,603	143	1,746	- 11
1976	1,603	143	1,746	85	89	1,602	140	1,742	- 4
1977	1,602	140	1,742	89	42	1,647	142	1,789	+ 47
1978	1,647	142	1,789	117	66	1,700	140	1,840	+ 51
1979	1,700	140	1,840	116	61	1,758	137	1,895	+ 55
1980	1,758	137	1,895	155	92	1,823	135	1,958	+ 63
1981	1,823	135	1,958	137	104	1,855	136	1,991	+ 33
1982	1,855	136	1,991	152	83	1,926	134	2,060	+ 69
1983	1,926	134	2,060	N.A.	N.A.	N.A.	N.A.	2,125	+ 65

Note: Data for 1982 are revised. The figure for year-end 1983 is preliminary. A change in domicile is reflected in both new and discontinued operations.

N.A.—Not available.

*Includes seven companies domiciled in Alaska and Hawaii which were started in earlier years.

Source: American Council of Life Insurance.

EMPLOYMENT IN INSURANCE

The insurance business in the United States employed an estimated 1,970,000 persons in all of its branches in 1983.

Government data on employees of insurance agencies and home offices in 1983 on an establishment basis show a total of 1,231,400 insurance home office personnel (538,900 in life insurance) and 481,1[illegible]0 insurance agents, brokers and service personnel. Women accounted for 60% of home office personnel (55% of life insurance home office personnel), and 63% of agents, brokers and service personnel. The government data do not include an estimated 257,500 independent agents and agents and other personnel for whom employment in insurance is a secondary source of income.

During 1967, the most recent year for which detailed data are available, some 740,000 persons worked in life insurance, either exclusively or together with other kinds of insurance. About 570,000 persons worked solely in other branches of insurance, mostly property, casualty and liability lines, bringing the total in that year to 1,310,000.

Employment in the insurance business continues to rise. However, increases in personnel have been relatively smaller than increases in sales, indicating larger unit sales and more efficiency in handling the detailed records necessary in any insurance operation. Automation is particularly suitable for many phases of insurance work and has contributed measurably to efficiency.

Sales personnel numbered about 450,000 in 1967. Almost half of them—220,000 persons—derived from 50% to 100% of their income from the sale of life insurance; the other 230,000 derived less than 50%.

In 1967, the insurance business employed 690,000 men and 620,000 women. The sales force was predominantly male, but women outnumbered men in nonsales work. Nearly 75% of nonsales personnel were clerical, and of these about 80% were women. Close to 20% of nonsales workers were in managerial positions, while the remaining 6% of workers were professional or technical.

Number of Persons Employed in Insurance in the United States

Year	Annual Average	Year	Annual Average
1945	600,000	1977	1,715,000
1950	800,000	1978	1,775,000
1955	900,000	1979	1,830,000
1960	1,105,000	1980	1,880,000
1965	1,225,000	1981	1,905,000
1970	1,460,000	1982	1,970,000
1975	1,640,000	1983	1,970,000
1976	1,675,000		

Note: Data estimated by American Council of Life Insurance, based on establishment data from the U.S. Department of Labor.

Sources: American Council of Life Insurance and U.S. Department of Labor.

LIFE EXPECTANCY

The average length of a person's life in the United States has increased by nearly 60% during this century.

Most of the improvement in life expectancy took place during the first half of the century. Little change has occurred since the mid-1950s. Between 1900 and 1960, life expectancy increased by 22.4 years, but since 1960, it has increased by only 4.8 years to 74.5 years in 1982 (the latest year for which data are available).

But while this century's advances in medicine, public health and safety have added to people's lives, the benefits have not been distributed equally. By far the largest increase in life expectancy has been among the newborn as a result of sharp reductions in mortality among infants and young children. Increases in life expectancy have been progressively smaller at older ages, and smaller for men than for women at all ages.

The measure of life expectancy results from the calculation of the average number of years of life that remain to a group of persons now at the same age, based on a particular mortality table. The measurement refers to the entire group and cannot be taken to indicate how long a particular individual may expect to live.

The gain in life expectancy for women since the turn of the century has been greater than for men at nearly all ages. Female life expectancy at birth has increased by 29.9 years since 1900, while male life expectancy has increased by 24.5 years. The difference in the average length of life between men and women has increased. Life expectancy at age 40 was about 1.4 years longer for a woman than for a man at the turn of the century; it is now 6.2 years longer.

In contrast, the difference in life expectancy between white and nonwhite Americans has been greatly reduced in this century. Generally, the gain for nonwhite

Expectation of Life at Birth in the United States (Years)

	White			All Other			Total		
Year	Male	Female	Total	Male	Female	Total	Male	Female	Total
1900	46.6	48.7	47.6	32.5	33.5	33.0	46.3	48.3	47.3
1910	48.6	52.0	50.3	33.8	37.5	35.6	48.4	51.8	50.0
1920	54.4	55.6	54.9	45.5	45.2	45.3	53.6	54.6	54.1
1930	59.7	63.5	61.4	47.3	49.2	48.1	58.1	61.6	59.7
1940	62.1	66.6	64.2	51.5	54.9	53.1	60.8	65.2	62.9
1950	66.5	72.2	69.1	59.1	62.9	60.8	65.6	71.1	68.2
1960	67.4	74.1	70.6	61.1	66.3	63.6	66.6	73.1	69.7
1965	67.6	74.7	71.0	61.1	67.4	64.1	66.8	73.7	70.2
1970	68.0	75.6	71.7	61.3	69.4	65.3	67.1	74.8	70.9
1971	68.3	75.8	72.0	61.6	69.8	65.6	67.4	75.0	71.1
1972	68.3	75.9	72.0	61.5	70.1	65.7	67.4	75.1	71.2
1973	68.5	76.1	72.2	62.0	70.3	66.1	67.6	75.3	71.4
1974	69.0	76.7	72.8	62.9	71.3	67.1	68.2	75.9	72.0
1975	69.5	77.3	73.4	63.7	72.4	68.0	68.8	76.6	72.6
1976	69.9	77.5	73.6	64.2	72.7	68.4	69.1	76.8	72.9
1977	70.2	77.9	74.0	64.7	73.2	68.9	69.5	77.2	73.3
1978	70.4	78.0	74.1	65.0	73.5	69.3	69.6	77.3	73.5
1979	70.8	78.4	74.6	65.4	74.1	69.8	70.0	77.8	73.9
1980	70.7	78.3	74.5	65.3	74.0	69.6	70.0	77.7	73.8
1981	71.1	78.5	74.8	66.1	74.5	70.3	70.4	77.9	74.2
1982*	71.4	78.7	75.1	66.5	75.2	70.9	70.8	78.2	74.5

*Provisional data.

Note: Some data are revised.

Source: National Center for Health Statistics, U.S. Department of Health and Human Services.

males has exceeded that for white males at all ages. Nonwhite females showed the greatest gains at the younger and older ages. For white females, life expectancy improved most between the ages of about 45 and 65.

In 1982, the difference in life expectancy between white and nonwhite persons at birth was 3.5 years for females and 4.9 years for males, and this difference decreased with age.

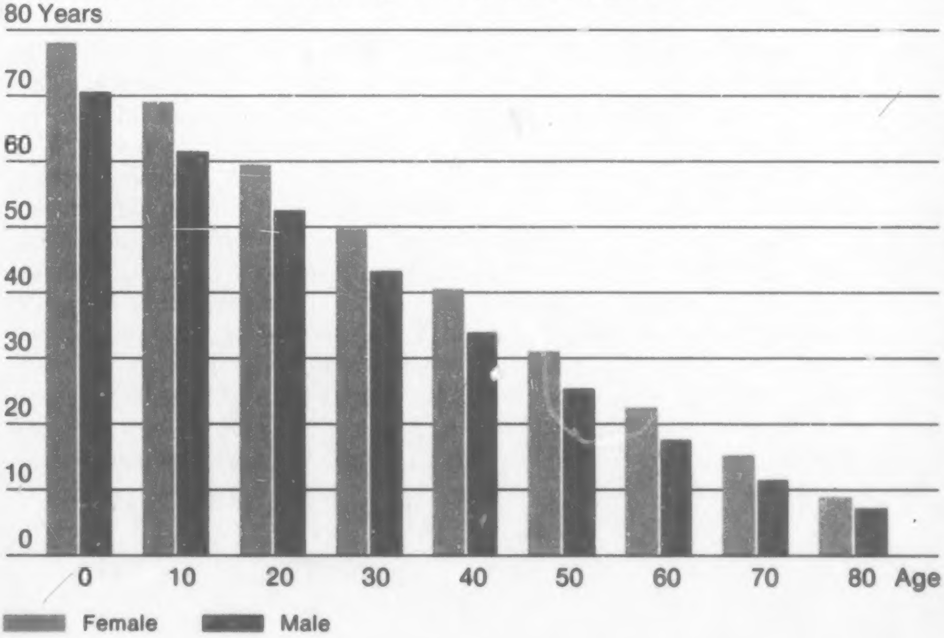
Expectation of Life at Various Ages in the United States 1982

	White			All Other			Total		
Age	Male	Female	Total	Male	Female	Total	Male	Female	Total
0	71.4	78.7	75.1	66.5	75.2	70.9	70.8	78.2	74.5
1	71.3	78.4	74.8	66.7	75.3	71.0	70.7	78.0	74.3
5	67.4	74.5	71.0	62.9	71.5	67.2	66.8	74.1	70.5
10	62.5	69.6	66.1	58.1	66.6	62.4	61.9	69.2	65.6
15	57.6	64.7	61.2	53.2	61.7	57.5	57.1	64.3	60.7
20	53.0	59.8	56.4	48.5	56.8	52.7	52.4	59.4	56.0
25	48.4	55.0	51.7	44.1	52.0	48.1	47.9	54.6	51.3
30	43.7	50.1	47.0	39.7	47.3	43.6	43.2	49.7	46.6
35	39.1	45.3	42.2	35.4	42.6	39.1	38.6	44.9	41.9
40	34.4	40.5	37.5	31.1	38.0	34.6	34.0	40.2	37.2
45	29.9	35.8	32.9	27.0	33.6	30.4	29.6	35.5	32.6
50	25.6	31.3	28.5	23.2	29.3	26.3	25.3	31.0	28.3
55	21.6	26.9	24.4	19.8	25.4	22.7	21.4	26.7	24.2
60	17.8	22.8	20.4	16.6	21.7	19.2	17.7	22.6	20.3
65	14.5	18.8	16.8	13.8	18.2	16.2	14.4	18.8	16.8
70	11.6	15.2	13.6	11.4	15.0	13.3	11.6	15.2	13.6
75	9.0	11.9	10.7	9.2	12.2	10.9	9.1	11.9	10.7
80	6.9	9.0	8.2	7.2	9.6	8.6	7.0	9.0	8.2
85 and Up	5.2	6.6	6.1	5.3	7.5	6.6	5.2	6.7	6.2

Note: Data are provisional.

Source: National Center for Health Statistics, U.S. Department of Health and Human Services.

Expectation of Life at Various Ages in the United States 1982



CAUSES OF DEATH

In recent decades, the overall death rate of the U.S. population has decreased due to medical developments, improvements in public health and job safety, and rising standards of living. The crude death rate in 1983 was 8.6 per 1,000 population, the same as in 1982.

Medical improvements and environmental changes have been more effective in reducing deaths from some causes than others. There has been increasing success in identifying and controlling contagious diseases, but there has been less success in controlling deaths from accidental causes.

In 1983, the deaths of 7 out of 10 ordinary life insurance policyholders with U.S. life companies were due to two principal causes: cardiovascular-renal diseases and cancer.

Since the 1950s, deaths attributable to cardiovascular-renal diseases have decreased slightly, whereas cancer has been an increasing cause of death. These trends have followed those of the general population of the United States.

The percentage of deaths due to cardiovascular-renal diseases declined to 46.7% of all deaths in 1983. Deaths due to ischemic heart disease and chronic disease of the endocardium and other myocardial insufficiencies declined also to 27.0% in 1983. Cerebrovascular diseases remained the same as 1982 at 5.1%. Heart disease has decreased significantly in recent years and has affected the overall declining death rate.

The proportion of deaths due to cancer continued to increase; 24.0% of policyholder deaths were attributed to this cause.

Motor vehicle accidents are another major cause of death. Between 1965 and 1973, motor vehicle deaths annually accounted for about 3.5% of policyholder deaths. In 1974 and 1975 motor vehicle accidents accounted for 3.0% of policyholder deaths, but in 1976 the percentage began rising, to 3.3% in 1978, 1979 and 1980. In 1983, the percentage of deaths due to this cause declined to its lowest level since 1945, 2.5%.

The percentage of deaths attributable to accidents, other than those involving motor vehicles, amounted to 2.3% of policyholder deaths in 1983. Two other external causes of death, suicide and homicide, represented 2.3% of deaths.

Over the years, the nation's life insurance companies have made significant contributions to basic research relating to causes of death. Cardiology was a prime research area after World War II. A recent focus has been in the areas of delivery of health care services and preventive medicine through the Life Cycle Preventive Health Care Study. The Life and Health Insurance Medical Research Fund, supported by insurance company contributions, provides funds for basic medical research in atherosclerotic heart, cancer and metabolic diseases and scholarships for students working on combination M.D./Ph.D. degrees and planning careers in medical research and teaching. The life insurance business is also a major contributor to the National Fund for Medical Education, which provides grants for research and innovation in medical education and postgraduate fellowships for medical educators.

Distribution of Ordinary Policyholder Deaths by Cause

U.S. Life Insurance Companies

Cause of Death	1945	1950	1955	1960	1965	1970
NATURAL CAUSES						
Cardiovascular-renal Disease	49.3%	57.0%	57.2%	55.7%	53.9%	52.1%
Cancer	14.8	17.3	18.6	18.7	19.2	20.1
Pneumonia and Influenza	3.1	1.9	2.0	3.2	3.1	3.3
Tuberculosis (all forms)	2.8	1.3	0.5	0.3	0.2	0.1
Diabetes	1.5	1.3	0.9	1.0	1.1	1.0
Other Diseases*	18.2	12.0	12.3	13.1	13.6	14.5
Total Natural Causes	89.7	90.8	91.5	92.0	91.1	91.1
EXTERNAL CAUSES						
Motor Vehicle Accidents	2.3	3.1	3.1	2.9	3.6	3.5
Other Accidents	5.9	3.6	3.2	3.1	3.2	3.1
Suicide	1.9	2.2	2.0	1.8	1.8	1.7
Homicide	0.2	0.3	0.2	0.2	0.3	0.6
Total External Causes	10.3	9.2	8.5	8.0	8.9	8.9
Total All Causes	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%

Cause of Death	1975	1979	1980	1981	1982	1983
NATURAL CAUSES						
Cardiovascular-renal Disease						
Diseases of the Heart and Hypertension						
Ischemic Heart Disease and Other Myocardial Insufficiencies	32.3%	30.7%	29.2%	28.6%	28.0%	27.0%
Hypertensive Heart Disease and Hypertension	1.3	1.3	1.5	1.7	1.6	1.6
Other Diseases of the Heart	4.6	6.0	7.3	7.6	8.3	9.0
Total Diseases of the Heart	38.2	38.0	38.0	37.9	37.9	37.6
Cerebrovascular Disease	6.7	6.0	5.6	5.3	5.1	5.1
Arteriosclerosis and Other Diseases of Arteries, Arteriolas and Capillaries	3.3	2.9	2.9	3.0	3.1	2.9
Other	1.6	1.3	1.4	1.5	1.5	1.1
Total Cardiovascular-renal	49.8	48.2	47.9	47.7	47.6	46.7
Cancer	21.4	23.1	23.2	23.5	23.8	24.0
Pneumonia and Influenza	2.8	2.5	2.6	2.7	2.5	2.6
Diabetes	1.0	0.9	0.9	1.0	1.0	0.9
Other Diseases						
Bronchitis and Other Respiratory Diseases	2.9	3.1	3.2	3.7	3.7	4.0
Cirrhosis	1.3	1.2	1.1	1.2	1.1	1.1
Other*	12.0	12.4	12.7	12.5	12.9	13.6
Total Other Diseases	16.2	16.7	17.0	17.4	17.7	18.7
Total Natural Causes	91.2	91.4	91.6	92.3	92.6	92.9
EXTERNAL CAUSES						
Motor Vehicle Accidents	3.0	3.3	3.3	3.0	2.7	2.5
Other Accidents	3.1	2.7	2.6	2.3	2.3	2.3
Suicide	1.8	1.7	1.6	1.6	1.6	1.5
Homicide	0.9	0.9	0.9	0.8	0.8	0.8
Total External Causes	8.8	8.6	8.4	7.7	7.4	7.1
Total All Causes	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%

Note: A small number classified as "War Deaths" is included in "Other Diseases" in the data for 1960 and 1965; in other years the category is excluded. If "War Deaths" were included in the 1983 data, this category would be .03% of the resulting distribution.

*Includes those causes not specified.

Source: American Council of Life Insurance.

Death Rate

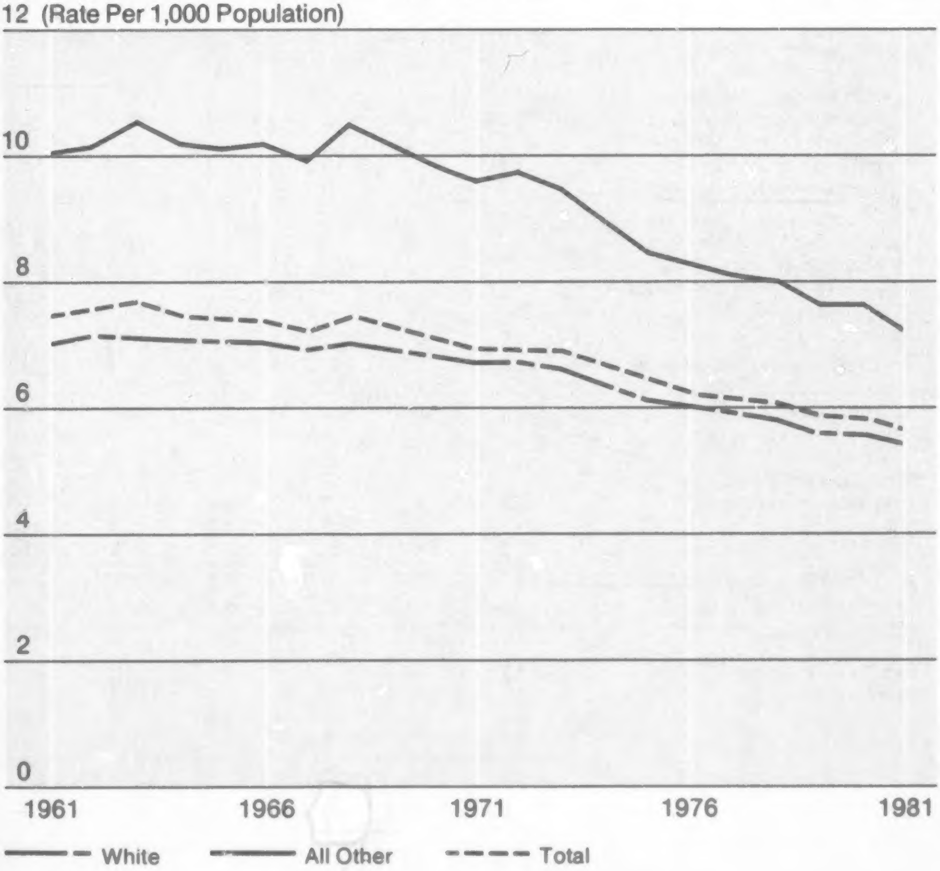
Mortality among Americans, as measured by the death rate, has decreased in recent years, after remaining at about the same level for more than a decade.

The age-adjusted death rate (technically adjusted for the changing proportion of people at each age in the U.S. population) was 5.6 per thousand in 1982 (the latest year for which data are available), the lowest rate ever recorded. In 1967, the age-adjusted rate was 7.3. From 1967 to 1972 there was a 4.1% drop to 7.0. The drop from 1972 to 1982 was even more significant—a decrease of 20.0%.

The decrease in mortality reflects continuing downtrends for two causes of death: diseases of the heart and cerebrovascular diseases. The age-adjusted mortality rates for these two causes, which accounted for 40.8% of the 1982 age-adjusted mortality rate for all causes combined, have decreased 27.8% from 1972 to 1982, compared to 6.9% from 1967 to 1972.

For 1982 the age-adjusted death rate for the male population was 7.4 per thousand, compared with the female rate of 4.1 per thousand. The rate for persons of races other than white in 1981 (the latest year for which data are available) was 7.3 per thousand, compared with a rate of 5.5 per thousand for white persons.

Age-Adjusted Death Rate in the United States



During the first half of this century there was a sharp decline in the death rate due to advances in medicine. This decline resulted in a reduction of deaths at young and middle ages, so that many more people now live into their seventies and eighties.

Between 1950 and 1970, however, there was relatively little change in the age-adjusted death rate for the total population. As the seventies began, the death rate began to decline more noticeably, falling from 7.3 per thousand in 1969 to 5.6 per thousand in 1982. Since 1969, the overall death rate for women has dropped more significantly than the death rate for men. The rate per thousand for men declined from 9.5 per thousand to 7.4, a decrease of 22.1%; for women the change was from 5.4 per thousand in 1969 to 4.1 per thousand in 1982, a decrease of 24.1%.

Because life insurance policyholders as a group represent a large proportion of the total population, their overall mortality rates are likely to parallel those for the nation as a whole. Even though the actual experience of a particular life company may differ from the general pattern, long-term population mortality trends are a useful indicator of the probable experience of most life companies. If the general death rate in the United States declines, the rate among life insurance policyholders is likely to drop.

The major causes of death among policyholders of ordinary life insurance in 1983, as in recent decades, were cardiovascular-renal diseases and cancer.

Death Rate in the United States

Age-Adjusted Rate Per 1,000 Population

Year	Male	Female	Total	Year	Male	Female	Total
1915	15.4	13.4	14.4	1969	9.5	5.4	7.3
1920	14.7	13.8	14.2	1970	9.3	5.3	7.1
1925	13.8	12.2	13.0	1971	9.1	5.2	7.0
1930	13.5	11.3	12.5	1972	9.2	5.2	7.0
1935	12.9	10.4	11.6	1973	9.1	5.1	6.9
1940	12.1	9.4	10.8	1974	8.7	4.9	6.6
1945	11.1	8.0	9.5	1975	8.4	4.6	6.3
1950	10.0	6.9	8.4	1976	8.2	4.6	6.2
1955	9.3	6.1	7.7	1977	8.0	4.4	6.0
1960	9.5	5.9	7.6	1978	7.9	4.4	6.0
1965	9.5	5.6	7.4	1979	7.7	4.2	5.8
1966	9.5	5.6	7.4	1980	7.8	4.3	5.8
1967	9.4	5.5	7.3	1981	7.6	4.2	5.7
1968	9.7	5.6	7.4	1982	7.4	4.1	5.6

*Provisional data.

Note: Some data are revised. Rates have been computed using the 1940 age distribution of the United States population as the standard population. Figures for 1915-1930 are for Death Registration States only; 1935-1982 are for the United States.

Source: National Center for Health Statistics, U.S. Department of Health and Human Services.

SELECTION OF RISKS

The great majority of Americans who apply for life insurance are able to get it. About 98% of the applications for ordinary life insurance in the United States are accepted by the life companies, according to the latest in a series of surveys.

Only 2% of ordinary life applications are not acceptable. More than three-fourths of these applicants have serious health impairments, while the remainder are declined because of other factors, including extremely hazardous jobs.

Life companies have been successful over the years in solving the problems presented by two conflicting underwriting objectives. The selection procedures must provide the benefit of life insurance protection to the greatest possible number of people. Yet, in fairness to all policyholders, life insurance companies must take into account individual differences among applicants, such as age, sex, family health background, medical history, occupation and avocation.

With the applicant's written consent, statements about health or risk activities can be checked with the Medical Information Bureau, an association of member life insurance companies founded by medical directors to alert underwriters to inaccuracies, omissions and willful attempts at fraud. The life insurance company may also ask the family physician for additional details about an applicant's health, with the applicant's permission.

Several developments have contributed to the high rate of acceptance of applicants. Extra-risk life insurance policies, with higher premiums to compensate for poor health or hazardous occupations, have made insurance available to many who could not otherwise obtain it. And advances in medicine, job safety and public health have led to more liberal underwriting of policies, enabling many persons to buy insurance at standard rates who would formerly have had to pay higher premiums because of their health or occupations.

In 1980, the Society of Actuaries and the Association of Life Insurance Medical Directors released findings from a major new statistical investigation of the effects of weight and blood pressure on mortality.

The study, a follow-up to the landmark 1959 Build and Blood Pressure Study, provided important new information linking excess weight and untreated hypertension with increased risk of death. Among the findings was the fact that people who weigh a little less than average have slightly lower death rates than individuals of average weight for their height.

Ordinary Life Insurance Applications in the United States

	1976		1980	
	Number of Policies	Amount	Number of Policies	Amount
ISSUED AND PAID FOR				
Standard	84%	79%	84%	80%
Extra-Risk	5	5	4	4
Total	89	84	88	84
NOT TAKEN BY APPLICANT				
Standard	7	10	8	12
Extra-Risk	1	3	2	2
Total	8	13	10	14
DECLINED BY COMPANY	3	3	2	2
TOTAL	100%	100%	100%	100%

Source: American Council of Life Insurance.

While the findings reaffirmed the extra risk of death among individuals with elevated blood pressure, new evidence showed that individuals successfully treated for high blood pressure experienced a near normal risk of death.

In 1980, extra-risk policies accounted for 5% of all the ordinary life insurance policies issued and paid for and 4% of all the ordinary policies in force at the end of the year.

A sample of the extra-risk policies bought in 1980 showed that 78% of the policies with extra-rating were rated for medical reasons, including: cardiovascular-renal disease or its symptoms, 31%; weight problems, 18%; other medical reasons, 29%. The remaining 22% were for occupational or other reasons.

Liberalization of underwriting is a continuing process in life insurance. For instance, companies often insure, at standard rates, cancer victims who have fully recovered. Skindivers, who in former years had to pay higher premiums for life insurance, if they could get it at all, now can usually obtain policies at standard rates. Changes in underwriting policy are supported by research into the effects of various health and occupational hazards on life expectancy and mortality.

Standard and Extra-Risk Ordinary Life Insurance in the United States

	Purchased During Year		Insurance In Force at End of Year	
	Policies	Amount	Policies	Amount
1976				
Standard	12,506,000	$200,464,000,000	131,052,000	$1,119,613,000,000
Extra-Risk	713,000	13,320,000,000	5,674,000	58,059,000,000
Total	13,219,000	$213,784,000,000	136,726,000	$1,177,672,000,000
1980				
Standard	14,049,000	$367,414,000,000	141,788,000	$1,685,830,000,000
Extra-Risk	701,000	18,161,000,000	5,923,000	74,644,000,000
Total	14,750,000	$385,575,000,000	147,711,000	$1,760,474,000,000

Source: American Council of Life Insurance.

OTHER TYPES OF LIFE INSURANCE

Legal reserve life insurance companies accounted for 97.6% of life insurance in force in the United States at the end of 1983. The remainder, $121.7 billion, was issued by other private insurers and by the federal government.

Veterans life insurance in force totaled $30.1 billion, including $297 million of U.S. Government Life Insurance (World War I), and $29.8 billion of National Service Life Insurance (World War II plus Insurance Act of 1951). The latter category includes insurance provided through a 1964 law which temporarily reopened enrollment for certain veterans whose disabilities made private life insurance unobtainable.

In addition to those government programs, legislation enacted in 1965 established Servicemen's Group Life Insurance (SGLI) for men and women on active duty in the uniformed services. Under the original program, up to $10,000 of group life insurance was available to each individual on a voluntary basis and nearly all of those who were eligible took this protection.

Legislation since then has substantially liberalized and extended the SGLI program. The maximum limit now is $35,000, and automatic full-time coverage is extended to all qualified reservists, including members of the National Guard. Retired reservists who have completed 20 years of creditable service are also eligible for coverage on a voluntary basis.

In addition, a new program was introduced in 1974, Veterans Group Life Insurance (VGLI). The VGLI program provides non-renewable, five-year term life insur-

Veterans Life Insurance (000,000 omitted)

	Insurance In Force		Benefit Payments				Supplementary Contract Payments	Premium Income
Year	Policies	Amount	Death Payments	Dividends	Other Benefits	Total		
1941	1	$ 5,034	$ 39	$ 8	$ 36	$ 83	$ 15	$ 67
1945	13	98,426	1,227	8	27	1,262	240	1,029
1950	7	45,286	204	625	50	879	325	465
1955	6	42,728	114	196	56	366	319	471
1960	6	42,030	162	262	67	491	307	550
1965	6	39,369	219	222	81	522	238	579
1970	5	37,474	301	274	142	717	216	579
1971	5	36,925	312	285	138	735	209	586
1972	5	36,591	326	297	123	746	307	703
1973	5	36,214	341	302	130	773	195	647
1974	5	35,736	361	334	126	821	189	646
1975	5	35,257	359	376	132	867	183	655
1976	5	34,721	374	403	151	928	184	679
1977	5	34,207	382	444	169	995	178	673
1978	5	33,657	393	482	174	1,049	170	684
1979	5	33,002	401	562	206	1,169	175	680
1980	5	32,378	429	615	220	1,264	180	708
1981	4	31,690	447	659	250	1,356	180	728
1982	4	30,941	452	667	260	1,379	163	743
1983	4	30,115	475	721	259	1,455	147	734

Note: "Death Payments" represent the face amounts of death claims incurred during the year, including amounts left to be paid under supplementary contracts. "Supplementary Contract Payments" represent the total payments from accumulated insurance policy proceeds left to be paid in monthly installments, and withdrawals of dividend accumulations. Servicemen's Group Life Insurance data are excluded.

Source: Veterans Administration, U.S. Government.

ance in amounts up to $35,000 to all terminating servicemen and women. When the term insurance expires, the veteran may convert to an individual life insurance policy issued by any company participating in the SGLI program.

Servicemen's Group Life Insurance is supervised by the Veterans Administration, and is chiefly underwritten by 321 life insurance companies. Totals of SGLI in force are included in the life insurance companies' figures in this book rather than under these government programs.

Legal reserve life insurance was also in force with fraternal benefit societies in the United States and Canada, and amounted to $76.4 billion in 1983, an increase of $7.8 billion over 1982. Benefit payments amounted to $1.1 billion for the year. In 1983 there were some 200 fraternal benefit societies with 43,809 lodges in the United States and Canada.

Legal reserve life insurance in force with savings banks in the states of Connecticut, Massachusetts and New York amounted to $15.2 billion in 1983, an increase of 3.0% during the year. The banks issued $1.2 billion during the year, $124 million more than the previous year. The limit on individual coverage with savings banks varies by state. Connecticut has a limit of $25,000, Massachusetts, $62,000, and New York, $30,000.

The amount of life insurance protection now in force with assessment associations, mutual aid groups, burial societies and similar organizations is not available but is believed to be very small in proportion to all other life insurance.

Fraternal and Savings Bank Life Insurance (000,000 omitted)

	1978	1979	1980	1981	1982	1983
FRATERNAL LIFE INSURANCE (U.S. and Canadian Societies)						
Insurance In Force	$49,084	$53,016	$58,306	$63,354	$68,599	$76,393
Insurance Purchased	7,548	7,982	8,916	10,045	11,508	19,211
Assets	8,358	9,072	10,032	10,921	12,089	13,128
Benefits	528	601	682	824	982	1,087
Premium Income	822	943	1,000	1,207	1,506	1,666
SAVINGS BANK LIFE INSURANCE						
Connecticut						
Insurance In Force	$ 1,005	$ 1,173	$ 1,275	$ 1,410	$ 1,506	$ 1,658
Insurance Purchased*	248	180	118	175	164	198
Assets	39	42	45	48	52	63
Benefits	5	6	6	7	7	8
Premium Income	7	8	9	10	11	18
Massachusetts						
Insurance In Force	$ 2,552	$ 2,736	$ 3,128	$ 3,441	$ 3,681	$ 4,069
Insurance Purchased	172	226	496	437	408	503
Assets	377	396	416	443	468	492
Benefits	33	34	37	42	44	46
Premium Income	33	35	38	47**	44**	44**
New York						
Insurance In Force	$ 7,713	$ 8,449	$ 8,941	$ 9,484	$ 9,557	$ 9,460
Insurance Purchased	607	612	615	622	526	521
Assets	405	443	481	519	553	593
Benefits	49	54	60	65	71	71
Premium Income**	74	80	84	89	92	94

*Purchases include reinsurance assumed, revivals and increases.

**Includes annuity considerations.

Sources: The National Fraternal Congress of America; The Savings Bank Life Insurance Company of Connecticut; Savings Bank Life Insurance Council (Massachusetts figures reported as of October 31); Saving Banks Life Insurance Fund (New York).

LIFE INSURANCE IN VARIOUS COUNTRIES

The life insurance data presented in this chapter represent, for the most part, the countries of Western Europe, the Americas and Australasia.

One way of comparing national levels of life insurance ownership is through data on life insurance in force. However, direct comparisons are impractical because countries vary widely in economic conditions, personal income levels, living and health standards and other circumstances. So conversion of the amounts of life insurance in force in each country to a common currency would not yield a reasonable international comparison.

An index that reduces the influence of these differences is the ratio of life insurance in force to national income. It serves as a measure of the significance of life insurance protection in each country. Such ratios have, in general, shown improvement during the past decade.

By this statistical measure, Japan leads all other nations for which data are currently available. Canada ranks second, followed by the United States. The other countries in which life insurance in force equals or exceeds national income are the Netherlands, Sweden, New Zealand, the United Kingdom, Australia, Ireland and France.

Ratio of Life Insurance in Force to National Income in Various Countries

Country	1977	1982	Country	1977	1982
Australia	103%	111%	Japan	249%	305%
Austria	19	29**	Korea	15	96
Belgium	45	52	Netherlands	104	132
Brazil	17	42	New Zealand	133	117
Canada	158	175	Norway	40	46
Costa Rica	34	30**	Pakistan	NA	16
Denmark	51	55	Paraguay	NA	34
Fiji	47	42**	Peru	7	3
Finland	21	17	Philippines	21	21
France	92	106	Spain	14	21
Germany (F.R.)	52	66	Sweden	119	127
Honduras	21*	34	Switzerland	82	88
Iceland	10	11	Tanzania	3*	5
India	24	23	Thailand	6	9
Indonesia	3	4	United Kingdom	98	117
Ireland	69*	110	United States	150	165
Israel	74	99	Venezuela	26*	28
Italy	10	8	Zambia	9	11

Note: National income data is on a "market prices" basis. In general, the figures represent life insurance in force on the lives of residents of the country with both domestic and foreign private companies. In a few cases, annuities are included; in other cases, the figures represent the total business of domestic companies of the country and/or insurance that has been issued by government organizations.

N.A. = Not available. *Data are for 1976. **Data are for 1981.

Sources: American Council of Life Insurance and International Monetary Fund.

Life Insurance in Force in Various Countries

(000,000 omitted)

Country	Currency	1960	1970	1980	1982	1983
Australia	Dollar	8,464	39,710	120,799	159,481	171,275
Austria	Schilling	9,132	40,104	237,198	285,661	312,000
Belgium	Franc	N.A.	N.A.	N.A.	1,831,629	N.A.
Brazil	Cruzeiro	N.A.	N.A.	2,218,301	10,355,225	20,000,000
Cameroon	CFA Franc	N.A.	N.A.	N.A.	1,591	1,719
Canada	Dollar	46,867	118,822	431,194	546,715	607,248
China (Taiwan)	N.T. Dollar	969*	19,674*	304,976*	567,365	829,713
Costa Rica	Colone	494	1,884	12,704	17,246	21,489
Denmark	Krone	11,270	47,576	196,382	227,330	240,000
Egypt	Pound	147	155	684	1,207	1,477
Fiji	Dollar	N.A.	N.A.	N.A.	23,181	N.A.
Finland	Markkaa	4,742	11,938	27,179	34,928	37,700
France	Franc	53,289	292,000	2,426,000	3,333,000	3,900,000
Germany (F.R.)	D. Mark	65,616	235,234	785,138	919,238	983,500
Guatemala*	Quetzal	N.A.	N.A.	400	433	N.A.
Honduras	Lempira	N.A.	N.A.	1,020	1,678	1,759
Iceland	Kronur	3	48	1,143	2,892	4,500
India	Rupee	21,760	N.A.	278,829	352,361	N.A.
Indonesia	Rupiah	N.A.	10,689	1,275,189	1,934,796	2,151,441
Ireland	Irish Pound	180	947	7,090	11,750	N.A.
Israel	Shekel	30	577	82,140	528,835	1,473,742
Italy	Lira	2,201,611	7,336,032	24,634,706	33,057,449	40,000,000
Japan	Yen	6,696,943	74,938,370	572,328,000	691,319,600	755,509,966
Korea	Won	9,855	264,451	11,377,847	41,992,776	51,313,118
Luxembourg	Franc	N.A.	N.A.	45,710	59,000	N.A.
Malaysia	Ringgit	N.A.	1,570	11,295	20,050	25,119
Mexico	Peso	N.A.	110,993	1,289,563	2,653,360	3,950,000
Netherlands	Guilder	38,915	112,288	379,500	434,500	450,000
New Zealand	Dollar	2,278	6,894	25,593	34,066	39,424
Nicaragua	Cordoba	N.A.	N.A.	540	10,484	17,771
Norway	Kroner	8,518	22,411	92,720	137,945	160,143
Pakistan	Rupee	1,431	12,211	46,176	52,214	61,879
Panama	Balboa	N.A.	N.A.	N.A.	533	666
Paraguay	Guarani	N.A.	N.A.	N.A.	221,895	N.A.
Peru	Sol	3,102	18,572	165,419	389,618	656,808
Philippines	Peso	2,108	10,437	47,988	64,290	78,000
Poland	Zloty	59,950	252,715	843,949	930,346	1,150,000
Portugal	Escudo	N.A.	665	2,573	4,152	5,231
Spain	Peseta	25,826	184,250	2,644,820	3,670,439	4,000,000
Sweden	Krona	33,550	196,900	525,000	682,000	710,000
Switzerland	Franc	17,301	54,338	141,230	163,728	N.A.
Tanzania*†	Shilling	N.A.	194	1,707	2,455	2,865
Thailand	Baht	2,422	5,267	44,098	67,463	82,000
United Kingdom	Pound	14,509	34,250	152,200†	285,000	332,000
United States	Dollar	586,448	1,402,123	3,541,038	4,476,659	4,965,861
Venezuela	Bolivar	N.A.	9,074	59,927	76,810	83,026
Zambia	Kwacha	N.A.	N.A.	212	319	389

*Group life excluded.

†Figures exclude pension business.

Note: In general, the figures represent life insurance in force on the lives of residents of the country with both domestic and foreign private companies. In a few cases, annuities are included; in other cases, the figures represent the total business of domestic companies of the country and/or insurance that has been issued by government organizations.

N.A. = Not available.

Source: American Council of Life Insurance.

Canada

Canadians bought some $106.0 billion of life insurance in 1983, an increase of $12.4 billion, or 13%, over 1982. Of the 1983 total, 63% was individually purchased insurance and 37% was group. By contrast, group insurance was 41% of purchases in 1973.

At the end of 1983, Canadians owned life insurance equaling 178% of their national income, compared with 169% in the United States.

Total life insurance in force in Canada at the end of 1983 was estimated to be $607.2 billion, an 11% increase during the year.

Over two-fifths of the life insurance in force in Canada is ordinary life. As a percentage of all life insurance, however, ordinary insurance in Canada has been declining in proportion to group life insurance in force. From year-end 1973 through 1983, group life rose from 52% to 57% of the total.

More than 13 million Canadians owned life insurance at the end of 1983. About three-quarters of their protection was with Canadian life companies. Much of the rest was with U.S. companies. Canadians also carry policies with British and other European life insurance companies.

Life insurance benefits paid during the year to Canadians amounted to $6.7 billion. Of this total, $5.4 billion, or 80%, was paid as living benefits to policyholders and annuitants.

The assets of the 82 Canadian incorporated life insurance companies are invested primarily in the private sector of the nation's economy, chiefly in corporate bonds and mortgages. Many Canadian life companies invest part of their funds in the United States, where they conduct over one-fifth of their business, and many U.S. companies similarly invest and do business in Canada.

Life Insurance in Canada

(Millions of Canadian Dollars)

	1982	1983
PURCHASES		
Ordinary	$ 57,848	$ 66,350
Group	35,778	39,675
Total	$ 93,626	$106,025
INSURANCE IN FORCE		
Ordinary	$228,596	$261,630
Group	318,119	345,618
Total	$546,715	$607,248
BENEFIT PAYMENTS		
Death Payments	$ 1,179	$ 1,300
Matured Endowments	71	80
Disability Payments	68	70
Annuity Payments	2,492	3,090
Surrender Values	930	890
Policy Dividends	805	830
Segregated Funds	509	400
Total	$ 6,054	$ 6,660
PREMIUM INCOME	$ 8,307	$ 8,230

Note: Figures cover the business in Canadian, U.S., and other foreign companies. "Ordinary" in the "Purchases" and "Insurance In Force" categories includes industrial insurance. "Annuity Payments" include any death payments, disability payments and surrender values from annuities. Annuity dividends are included in "Policy Dividends." "Segregated Funds" are primarily annuity payments. The data for 1982 are revised and the data for 1983 are preliminary.
Source: Canadian Life and Health Insurance Association.

Distribution of Assets

Canadian Life Insurance Companies (Millions of Canadian Dollars)

	1978	1979	1980	1981	1982	1983
Bonds	$12,852	$14,589	$16,425	$18,400	$21,434	$24,591
Stocks	4,141	4,757	5,857	6,180	6,964	7,033
Mortgages	12,626	14,477	16,511	17,533	19,005	21,435
Real Estate	1,830	2,036	2,343	2,848	3,428	3,883
Policy Loans	2,027	2,359	2,812	3,554	3,921	3,969
Miscellaneous Assets	1,727	1,961	1,863	3,306	3,855	4,855
Total	$35,203	$40,179	$45,811	$51,821	$58,607	$65,766

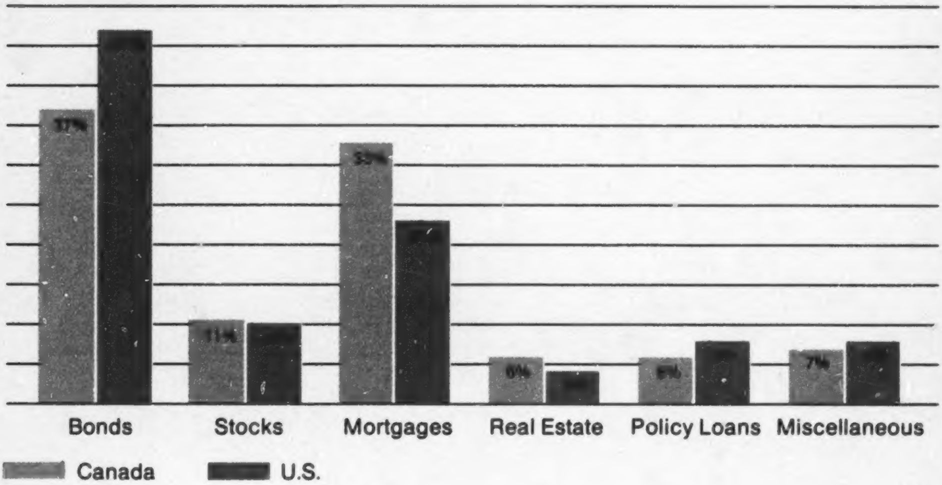
Note: Some data are revised. Credit life premiums were included in the "Ordinary Life" category in years prior to 1973. Beginning with 1973, credit life insurance premiums on loans of 10 years' or less duration are excluded. The sum of "Total Life Insurance Premiums" and "Annuity Considerations" may not add to "Total" in some cases, due to rounding.

N.A. = Not available.

Sources: U.S. Department of Commerce, *Spectator Year Book* and American Council of Life Insurance.

Distribution of Assets, 1983

Canadian and U.S. Life Insurance Companies



STATE INSURANCE OFFICIALS

Alabama, Montgomery	Tharpe Forrester, Acting	Commissioner of Insurance
Alaska, Juneau	John L. George, Acting	Director of Insurance
Arizona, Phoenix	S. David Childers	Director of Insurance
Arkansas, Little Rock	Linda Garner	Insurance Commissioner
California, Los Angeles	Bruce A. Bunner	Insurance Commissioner
Colorado, Denver	John Kezer, Acting	Commissioner of Insurance
Connecticut, Hartford	Peter W. Gillies	Insurance Commissioner
Delaware, Dover	David H. Elliott	Insurance Commissioner
D.C., Washington	Margurite C. Stokes, Acting	Superintendent of Insurance
Florida, Tallahassee	Bill Gunter	Insurance Commissioner
Georgia, Atlanta	Johnnie L. Caldwell	Insurance Commissioner
Hawaii, Honolulu	Mario R. Ramil	Insurance Commissioner
Idaho, Boise	Wayne L. Sowards	Director of Insurance
Illinois, Chicago	John E. Washburn	Director of Insurance
Indiana, Indianapolis	Don H. Miller	Commissioner of Insurance
Iowa, Des Moines	Bruce W. Foudree	Commissioner of Insurance
Kansas, Topeka	Fletcher Bell	Commissioner of Insurance
Kentucky, Frankfort	Gil McCarty	Commissioner of Insurance
Louisiana, Baton Rouge	Sherman A. Bernard	Commissioner of Insurance
Maine, Augusta	Theodore T. Briggs	Superintendent of Insurance
Maryland, Baltimore	Edward J. Muhl	Insurance Commissioner
Massachusetts, Boston	Peter Hiam	Commissioner of Insurance
Michigan, Lansing	Nancy A. Baerwaldt	Insurance Commissioner
Minnesota, St. Paul	Vacant	Commissioner of Insurance
Mississippi, Jackson	George Dale	Commissioner of Insurance
Missouri, Jefferson City	C. Donald Ainsworth	Director of Insurance
Montana, Helena	E.V. "Sonny" Omholt	Commissioner of Insurance
Nebraska, Lincoln	Michael J. Dugan	Director of Insurance
Nevada, Carson City	David A. Gates	Commissioner of Insurance
New Hampshire, Concord	Louis Bergeron	Insurance Commissioner
New Jersey, Trenton	Kenneth Merin	Commissioner of Insurance
New Mexico, Santa Fe	Vicente B. Jasso	Superintendent of Insurance
New York, New York	James P. Corcoran	Superintendent of Insurance
North Carolina, Raleigh	John R. Ingram	Commissioner of Insurance
North Dakota, Bismarck	J.O. "Bud" Wigen	Commissioner of Insurance
Ohio, Columbus	George Fabe	Superintendent of Insurance
Oklahoma, Oklahoma City	Gerald Grimes	Insurance Commissioner
Oregon, Salem	Josephine M. Driscoll	Commissioner of Insurance
Pennsylvania, Harrisburg	William R. Muir, Acting	Commissioner of Insurance
Rhode Island, Providence	William F. Carroll	Insurance Commissioner
South Carolina, Columbia	Rogers T. Smith	Insurance Commissioner
South Dakota, Pierre	Susan L. Walker	Director of Insurance
Tennessee, Nashville	John C. Neff	Commissioner of Insurance
Texas, Austin	Tom Bond	Commissioner of Insurance
Utah, Salt Lake City	Roger C. Day	Commissioner of Insurance
Vermont, Montpelier	George A. Chaffee	Commissioner of Insurance
Virginia, Richmond	James M. Thomson	Commissioner of Insurance
Washington, Olympia	Dick Marquardt	Insurance Commissioner
West Virginia, Charleston	Richard G. Shaw	Insurance Commissioner
Wisconsin, Madison	Thomas P. Fox	Commissioner of Insurance
Wyoming, Cheyenne	Robert W. Schrader	Insurance Commissioner

MORTALITY TABLES

	Commissioners 1980 Standard Ordinary (1970-1975)				1983 Individual Annuity Table (1971-1976)*				United States Population (1969-1971)	
	Male		Female		Male		Female			
Age	Deaths Per 1,000	Expectation of Life (Years)	Deaths Per 1,000	Expectation of Life (Years)	Deaths Per 1,000	Expectation of Life (Years)	Deaths Per 1,000	Expectation of Life (Years)	Deaths Per 1,000	Expectation of Life (Years)
0	4.18	70.83	2.89	75.83	—	—	—	—	20.02	70.75
1	1.07	70.13	.87	75.04	—	—	—	—	1.25	71.19
2	.99	69.20	.81	74.11	—	—	—	—	.86	70.28
3	.98	68.27	.79	73.17	—	—	—	—	.69	69.34
4	.95	67.34	.77	72.23	—	—	—	—	.57	68.39
5	.90	66.40	.76	71.28	.38	74.10	.19	79.36	.51	67.43
6	.86	65.46	.73	70.34	.35	73.12	.16	78.37	.46	66.46
7	.80	64.52	.72	69.39	.33	72.15	.13	77.39	.43	65.49
8	.76	63.57	.70	68.44	.35	71.17	.13	76.40	.39	64.52
9	.74	62.62	.69	67.48	.37	70.20	.14	75.41	.34	63.54
10	.73	61.66	.68	66.53	.38	69.22	.14	74.42	.31	62.57
11	.77	60.71	.69	65.58	.39	68.25	.15	73.43	.30	61.58
12	.85	59.75	.72	64.62	.41	67.28	.16	72.44	.35	60.60
13	.99	58.80	.75	63.67	.42	66.30	.17	71.45	.46	59.62
14	1.15	57.86	.80	62.71	.43	65.33	.18	70.46	.63	58.65
15	1.33	56.93	.85	61.76	.44	64.36	.19	69.47	82	57.69
16	1.51	56.00	.90	60.82	.45	63.39	.20	68.49	1.01	56.73
17	1.67	55.09	.95	59.87	.46	62.42	.21	67.50	1.17	55.79
18	1.78	54.18	.98	58.93	.47	61.44	.23	66.51	1.28	54.86
19	1.86	53.27	1.02	57.98	.49	60.47	.24	65.53	1.34	53.93
20	1.90	52.37	1.05	57.04	.51	59.50	.26	64.55	1.40	53.00
21	1.91	51.47	1.07	56.10	.53	58.53	.28	63.56	1.47	52.07
22	1.89	50.57	1.09	55.16	.55	57.56	.29	62.58	1.52	51.15
23	1.86	49.66	1.11	54.22	.57	56.59	.31	61.60	1.53	50.22
24	1.82	48.75	1.14	53.28	.60	55.63	.33	60.62	1.51	49.30
25	1.77	47.84	1.16	52.34	.62	54.66	.35	59.64	1.47	48.37
26	1.73	46.93	1.19	51.40	.65	53.69	.37	58.66	1.43	47.44
27	1.71	46.01	1.22	50.46	.68	52.73	.39	57.68	1.42	46.51
28	1.70	45.09	1.26	49.52	.70	51.76	.41	56.70	1.44	45.58
29	1.71	44.16	1.30	48.59	.73	50.80	.42	55.72	1.49	44.64
30	1.73	43.24	1.35	47.65	.76	49.83	.44	54.75	1.55	43.71
31	1.78	42.31	1.40	46.71	.79	48.87	.46	53.77	1.63	42.77
32	1.83	41.38	1.45	45.78	.81	47.91	.48	52.80	1.72	41.84
33	1.91	40.46	1.50	44.84	.84	46.95	.50	51.82	1.83	40.92
34	2.00	39.54	1.58	43.91	.88	45.99	.52	50.85	1.95	39.99
35	2.11	38.61	1.65	42.98	.92	45.03	.55	49.87	2.09	39.07
36	2.24	37.69	1.76	42.05	.97	44.07	.57	48.90	2.25	38.15
37	2.40	36.78	1.89	41.12	1.03	43.11	.61	47.93	2.44	37.23
38	2.58	35.87	2.04	40.20	1.11	42.15	.65	46.96	2.66	36.32
39	2.79	34.96	2.22	39.28	1.22	41.20	.69	45.99	2.90	35.42
40	3.02	34.05	2.42	38.36	1.34	40.25	.74	45.02	3.14	34.52
41	3.29	33.16	2.64	37.46	1.49	39.30	.80	44.05	3.41	33.63
42	3.56	32.26	2.87	36.55	1.67	38.36	.87	43.09	3.70	32.74
43	3.87	31.38	3.09	35.66	1.89	37.43	.94	42.12	4.04	31.86
44	4.19	30.50	3.32	34.77	2.13	36.50	1.03	41.16	4.43	30.99
45	4.55	29.62	3.56	33.88	2.40	35.57	1.12	40.20	4.84	30.12
46	4.92	28.76	3.80	33.00	2.69	34.66	1.23	39.25	5.28	29.27
47	5.32	27.90	4.05	32.12	3.01	33.75	1.36	38.30	5.74	28.42
48	5.74	27.04	4.33	31.25	3.34	32.85	1.50	37.35	6.24	27.58
49	6.21	26.20	4.63	30.39	3.69	31.96	1.66	36.40	6.78	26.75
50	6.71	25.36	4.96	29.53	4.06	31.07	1.83	35.46	7.38	25.93
51	7.30	24.52	5.31	28.67	4.43	30.20	2.02	34.53	8.04	25.12
52	7.96	23.70	5.70	27.82	4.81	29.33	2.22	33.59	8.76	24.32
53	8.71	22.89	6.15	26.98	5.20	28.47	2.43	32.67	9.57	23.53
54	9.56	22.08	6.61	26.14	5.59	27.62	2.65	31.75	10.43	22.75
55	10.47	21.29	7.09	25.31	5.99	26.77	2.89	30.83	11.36	21.99
56	11.46	20.51	7.57	24.49	6.41	25.93	3.15	29.92	12.36	21.23
57	12.49	19.74	8.03	23.67	6.84	25.09	3.43	29.01	13.41	20.49
58	13.59	18.99	8.47	22.86	7.29	24.26	3.74	28.11	14.52	19.76
59	14.77	18.24	8.94	22.05	7.78	23.44	4.08	27.21	15.70	19.05

	Commissioners 1980 Standard Ordinary (1970-1975)				1983 Individual Annuity Table (1971-1976)*				United States Population (1969-1971)	
	Male		Female		Male		Female			
Age	Deaths Per 1,000	Expectation of Life (Years)	Deaths Per 1,000	Expectation of Life (Years)	Deaths Per 1,000	Expectation of Life (Years)	Deaths Per 1,000	Expectation of Life (Years)	Deaths Per 1,000	Expectation of Life (Years)
60	16.08	17.51	9.47	21.25	8.34	22.62	4.47	26.32	16.95	18.34
61	17.54	16.79	10.13	20.44	8.98	21.80	4.91	25.44	18.29	17.65
62	19.19	16.08	10.96	19.65	9.74	20.99	5.41	24.56	19.74	16.97
63	21.06	15.38	12.02	18.86	10.63	20.20	5.99	23.69	21.33	16.30
64	23.14	14.70	13.25	18.08	11.66	19.41	6.63	22.83	23.06	15.65
65	25.42	14.04	14.59	17.32	12.85	18.63	7.34	21.98	24.95	15.00
66	27.85	13.39	16.00	16.57	14.20	17.87	8.09	21.14	26.99	14.38
67	30.44	12.76	17.43	15.83	15.72	17.12	8.89	20.31	29.18	13.76
68	33.19	12.14	18.84	15.10	17.41	16.38	9.73	19.49	31.52	13.16
69	36.17	11.54	20.36	14.38	19.30	15.66	10.65	18.67	34.00	12.57
70	39.51	10.96	22.11	13.67	21.37	14.96	11.70	17.87	36.61	12.00
71	43.30	10.39	24.23	12.97	23.65	14.28	12.91	17.07	39.43	11.43
72	47.65	9.84	26.87	12.28	26.13	13.61	14.32	16.29	42.66	10.88
73	52.64	9.30	30.11	11.60	28.84	12.96	15.98	15.52	46.44	10.34
74	58.19	8.79	33.93	10.95	31.79	12.33	17.91	14.76	50.75	9.82
75	64.19	8.31	38.24	10.32	35.05	11.72	20.13	14.02	55.52	9.32
76	70.53	7.84	42.97	9.71	38.63	11.13	22.65	13.30	60.60	8.84
77	77.12	7.40	48.04	9.12	42.59	10.56	25.51	12.60	65.96	8.38
78	83.90	6.97	53.45	8.55	46.95	10.00	28.72	11.91	71.53	7.93
79	91.05	6.57	59.35	8.01	51.76	9.47	32.33	11.25	77.41	7.51
80	98.84	6.18	65.99	7.48	57.03	8.96	36.40	10.61	83.94	7.10
81	107.48	5.80	73.60	6.98	62.79	8.47	40.98	9.99	91.22	6.70
82	117.25	5.44	82.40	6.49	69.08	8.01	46.12	9.40	98.92	6.32
83	128.26	5.09	92.53	6.03	75.91	7.57	51.89	8.83	106.95	5.96
84	140.25	4.77	103.81	5.59	83.23	7.15	58.34	8.28	115.48	5.62
85	152.95	4.46	116.10	5.18	90.99	6.75	65.52	7.77	125.61	5.28
86	166.09	4.18	129.29	4.80	99.12	6.37	73.49	7.28	137.48	4.97
87	179.55	3.91	143.32	4.43	107.58	6.02	82.32	6.81	149.79	4.68
88	193.27	3.66	158.18	4.09	116.32	5.69	92.02	6.38	161.58	4.42
89	207.29	3.41	173.94	3.77	125.39	5.37	102.49	5.98	172.92	4.18
90	221.77	3.18	190.75	3.45	134.89	5.07	113.61	5.60	185.02	3.94
91	236.98	2.94	208.87	3.15	144.87	4.78	125.23	5.26	198.88	3.73
92	253.45	2.70	228.81	2.85	155.43	4.50	137.22	4.94	213.63	3.53
93	272.11	2.44	251.51	2.55	166.63	4.24	149.46	4.64	228.70	3.35
94	295.90	2.17	279.31	2.24	178.54	3.99	161.83	4.37	243.36	3.19
95	329.96	1.87	317.32	1.91	191.21	3.75	174.23	4.12	257.45	3.06
96	384.55	1.54	375.74	1.56	204.72	3.51	186.54	3.88	269.59	2.95
97	480.20	1.20	474.97	1.21	219.12	3.29	198.65	3.65	280.24	2.85
98	657.98	.84	655.85	.84	234.74	3.07	211.10	3.44	289.77	2.76
99	1,000.00	.50	1,000.00	.50	251.89	2.86	224.45	3.22	298.69	2.6[illegible]
100					270.91	2.66	239.22	3.01	306.96	2.62
101					292.11	2.46	255.95	2.80	314.61	2.56
102					315.83	2.26	275.20	2.59	321.67	2.51
103					342.38	2.08	297.50	2.38	328.17	2.46
104					372.09	1.90	323.39	2.18	334.14	2.41
105					405.28	1.73	353.41	1.98	339.60	2.37
106					442.28	1.57	388.11	1.79	344.60	2.34
107					483.41	1.41	428.02	1.60	349.17	2.30
108					528.99	1.27	473.69	1.43	353.33	2.27
109					579.35	1.13	525.66	1.26	357.12	2.24
110					634.81	1.01	584.46	1.11		
111					695.70	.89	650.65	.97		
112					762.34	.78	724.75	.83		
113					835.06	.70	807.32	.71		
114					914.17	.67	898.89	.60		
115					1,000.00	.50	1,000.00	.50		

Note: Mortality rates contained in the 1980 Commissioners Standard Ordinary Table were obtained from experience of 1970-1975, but contain an added element designed to generate life insurance reserves of a conservative nature in keeping with the long-term guarantees inherent in life insurance contracts. Premiums for life insurance policies, on the other hand, are based on assumptions that include expected mortality experience.

Mortality rates for the 1983 Individual Annuity Tables are, again, conservative as related to the actual and projected experience upon which they are based.

*Projected to 1983.

HISTORIC DATES

1759 The first life insurance company in the United States, "The Corporation for Relief of Poor and Distressed Presbyterian Ministers and of the Poor and Distressed Widows and Children of Presbyterian Ministers," was established in Philadelphia by the Synod of the Presbyterian Church. This company, now Presbyterian Ministers' Fund, is the oldest life insurance company in continued existence in the world.

1789 Professor Edward Wigglesworth of Harvard prepared a modified table of mortality based on Massachusetts experience, the first computation of premiums and reserves on a scientific basis in the U.S.

1794 The Insurance Company of North America was chartered as the first general insurance company to sell life insurance in America. In five years only six policies were issued and the company discontinued its life insurance business in 1804.

1812 Pennsylvania Company for Insurance on Lives and Granting Annuities was incorporated, the first corporation organized in America for the sole purpose of issuing life insurance policies and annuities. The first policy was issued in 1813. It discontinued issuing life policies in 1872.

1830 New York Life Insurance and Trust Company was started; notable as the first American life company to employ agents. This company later discontinued its life insurance business and was subsequently merged with the Bank of New York.

1835 A charter was granted New England Mutual Life Insurance Company of Boston, the first mutual company to be chartered in America. It did not actually begin business until December 1843.

1836 The Girard Life Insurance, Annuity and Trust Company of Philadelphia was established upon a new principle of granting policyholders participation in profits, although it was a stock company. The first policy dividends were allotted in 1844 as additions of insurance to policies in force three or more years. This company later became a trust company only.

1840 The legislature of New York State enacted a law that provided that the proceeds of a policy made out to a widow as beneficiary would be paid to her and were exempt from claims of creditors. This strengthened immeasurably the protective power of a life insurance policy.

1842 The Mutual Life Insurance Company of New York was chartered. The first policy was issued February 1, 1843, marking the beginning of mutual life insurance as it is known today.

1848 First policy loans were granted about this time.

1849 New York State passed the first general insurance law.

1851 New Hampshire established the first regulatory body to examine the affairs of insurance companies.

1853 Policy valuation tables, which had been worked on by Elizur Wright for nine years, were published.

1859 New York State established the first insurance department.

1861	Massachusetts was the first state to require nonforfeiture values as part of life policies.
1861	First war risk insurance written by life companies during Civil War.
1864	The Manhattan Life Insurance Company was the first American company to write an incontestable clause into a policy.
1868	American Experience Table of Mortality published as a part of New York law. Covering experience from 1843 to 1858, it remained the table most widely used by American companies until the 1940s.
1869	U.S. Supreme Court held insurance not to be a transaction in commerce, and affirmed the validity of state regulation of insurance.
1869	Earliest organization of life insurance agents was recorded in Chicago.
1871	First convention of State Insurance Commissioners was held in New York City.
1873	First weekly premium policy was issued in the United States.
1875	Industrial insurance agency system was introduced in the United States.
1880	Cash surrender values were first established by law in Massachusetts.
1905	Armstrong investigation of life insurance was made by New York State Legislature, which resulted in many changes in insurance laws.
1909	Standard provisions for life insurance policies were adopted in New York State.
1911	First group life insurance for employees was introduced.
1917	Life insurance for servicemen of World War I was offered by the government under War Risk Insurance Act; subsequently known as U.S. Government Life Insurance.
1918	American Men Ultimate Mortality Table was published, which covered experience from 1900 to 1915.
1928	First examinations were held for Chartered Life Underwriters, which resulted in awards of CLU designations to qualified life insurance personnel.
1935	Social Security Act was enacted. It was subsequently amended at various times to include benefits for survivors and dependents and for disabled workers and their dependents, to extend coverage as to employments covered, to lower minimum retirement age, to raise benefit levels, to revise contribution schedules, to increase earnings base, and, in 1965, to establish Medicare, a broad program of health insurance for people aged 65 or older.
1938	The 1937 Standard Annuity Mortality Table was published. It was based primarily on experience from 1932 to 1936.
1939	Temporary National Economic Committee began an investigation of the life insurance business.
1940	National Service Life Insurance Act, providing insurance for men and women in service in World War II, was adopted by Congress.
1941	Commissioners 1941 Standard Ordinary Table of Mortality, based on experience from 1930 to 1940, was published.

1944 U.S. Supreme Court held insurance to be commerce, and that when conducted across state lines, it is interstate commerce and therefore subject to Federal laws.

1945 McCarran-Ferguson Act declared that the regulation of insurance by the states is in the public interest and granted an exemption from the antitrust laws to the extent the business is regulated by state law.

1948 Legislation permitting "Standard Nonforfeiture and Valuation" methods of computation was effected in nearly all states.

1952 College Retirement Equities Fund (CREF) was established as the first variable annuity fund. In 1954, the Participating Annuity Life Insurance Company offered the first variable annuity contracts to the general public.

1954 Federal Employees' Group Life Insurance Act introduced, providing group life insurance and accidental death and dismemberment insurance to civilian officers and employees of the United States government through private insurance companies.

1958 Commissioners 1958 Standard Ordinary Table of Mortality, based on experience from 1950 to 1954, was published.

1959 Arkansas was the first state to pass laws permitting life insurance companies to issue variable annuities and authorizing the establishment of separate accounts.

1965 Servicemen's Group Life Insurance Act was introduced providing members on active duty in the uniformed services with group life insurance underwritten by private insurers through a contract with the Veterans Administration.

1974 Employee Retirement Income Security Act of 1974 was signed into law. The primary purposes were to protect the benefits of participants in private plans, to assure reasonable vesting provisions, and to broaden the opportunity to set up plans for the self-employed and workers who have no private retirement plans.

1977 Social Security Act was amended to increase wage base and tax rates in steps beginning in 1978 and to revise the benefit structure. The first "universal" life insurance policy was issued in the United States.

1980 The Commissioners 1980 Standard Ordinary Table of Mortality, based on experience from 1970 to 1975, was adopted by the National Association of Insurance Commissioners.

1981 Economic Recovery Tax Act of 1981 was signed into law. Among the provisions of the law are sections that allow all workers to claim tax deductions, within limits, for retirement savings, liberalize tax deductions for retirement savings, interest and dividend exclusions, and reduce or eliminate estate and gift taxes for most persons.

1982 Tax Equity and Fiscal Responsibility Act revised the life insurance company taxation formula (certain provisions only for the 1982 and 1983 tax years) and repealed the use of modified coinsurance in tax calculations; imposed a penalty tax on certain annuity withdrawals; placed limitations on pension plan benefits and imposed additional restrictions on certain plans.

1982 The 1983 Individual Annuity Table A was adopted by the National Association of Insurance Commissioners.

LIFE INSURANCE ORGANIZATIONS

COMPANY ASSOCIATIONS

American Council of Life Insurance: 1850 K Street, N.W., Washington, D.C. 20006; Telephone: 202-862-4000; Chairman of the Board, Ian M. Rolland; President, Richard S. Schweiker. Represents the life insurance business in legislative and regulatory areas at the Federal, state and local levels of government. Provides the public with information about the purpose and uses of life insurance, maintains research facilities to record the performance of the business and measures attitudes of the public on issues relevant to the business.

Consumer Credit Insurance Association: 307 North Michigan Avenue, Chicago, Illinois 60601; Telephone: 312-726-9895; Chairman of the Board, James S. Valentine; President, Donald K. Miller; Vice President, Joseph R. Sullivan. Serves as the official trade organization for insurers that underwrite consumer credit insurance in the areas of life, accident and health, and property insurance.

Life Insurance Marketing and Research Association: P.O. Box 208, Hartford, Connecticut 06141; Telephone: 203-677-0033. Chairman of the Board, John C. Scully, CLU; President, Ernest E. Cragg, CLU, FLMI. Works to improve the efficiency of life insurance distribution through scientific management methods, conducts research, provides management educational services, consulting services, and prepares a wide range of publications.

Life Insurers Conference: 1004 North Thompson Street, Richmond, Virginia 23230; Telephone: 804-359-5006; Chairman, B. Larry Jenkins, CLU, FLMI; President, G. Mason Connell, Jr. Comprised of life insurance companies engaged to a large extent in the sale of home service life insurance.

Life Office Management Association: 100 Colony Square, Atlanta, Georgia 30361; Telephone: 404-892-7272; Chairman of the Board, Fred Deering; President, Lynn G. Merritt. Engages in cooperative educational and research activities directed to the improvement of management operations in home and field offices. Conducts the widely-used FLMI (Fellow, Life Management Institute) Insurance Education Program.

National Association of Life Companies: Tower Place—Suite 1060, 3340 Peachtree Road, N.E., Atlanta, Georgia 30026; Telephone: 404-262-3737; Chairman of the Board, Jerome E. Bolin; Executive Vice President, S. Roy Woodall, Jr.; Assistant Vice President, Vera R. Hill. Consists primarily of small and medium-sized stock life and health insurance companies.

National Insurance Association: 2400 South Michigan Avenue, Chicago, Illinois 60616; Telephone: 312-842-5125; President, Patricia W. Shaw; Executive Director, Charles A. Davis. Represents companies which principally serve the life insurance needs of black families.

PROFESSIONAL ASSOCIATIONS

American Academy of Actuaries: 1835 K Street, N.W., Washington, D.C. 20006; and 208 South LaSalle Street, Chicago, Illinois 60604; Telephone: 202-223-8196, Washington, D.C.; 312-782-4204, Chicago. President, A. Norman Crowder, III; Secretary, Carl R. Ohman; Executive Director, Stephen G. Kellison. An organization of qualified actuaries, the Academy's primary activities include liaison with Federal and state governments, relations with other professions, public information dissemination, and the development of standards of professional conduct and practice. Membership consists largely of members of the Casualty Actuarial Society, Conference of Actuaries in Public Practice, Society of Actuaries and enrolled actuaries under ERISA. Membership criteria include satisfaction of experience and education standards.

American Risk and Insurance Association: RHI Dept., Brooks Hall, The University of Georgia, Athens, Georgia 30602; Telephone: 404-542-4290; President, Dan R. Anderson, University of Wisconsin; Executive Director, Dr. Richard E. Johnson. A society of insurance educators and others interested in risk and insurance education and research.

American Society of Chartered Life Underwriters: 270 Bryn Mawr Avenue, Bryn Mawr, Pennsylvania 19010; Telephone: 215-896-4300; President, Irving N. Stein, ChFC, CLU; Executive Vice President and Managing Director, John R. Driskill, CLU. An organization of individuals who have earned a professional designation in the field of financial planning and economic security. Its membership is organized into local chapters and comprises agents, company chief executives, insurance regulators, educators, attorneys, CPAs and bank trust officers.

American Society of Pension Actuaries: 1413 K Street, N.W., Fifth Floor, Washington, D.C. 20005; Telephone: 202-737-4360; President, A. David Degann; Executive Director, Chester J. Salkind. A professional society dedicated to the advancement of the profession of the pension actuary and consultant. Offers an examination program for actuaries and consultants and represents the interests of its members before appropriate forums.

The Association of Life Insurance Counsel: President, Robert S. Seiler; Secretary-Treasurer, Marianne Dowling, Mutual Life Insurance Company of New York, 1740 Broadway, New York, New York 10019; Telephone 212-708-2220. An organization of life insurance counsels. Seeks to increase knowledge of areas of law affecting life insurance companies.

The Association of Life Insurance Medical Directors of America: P.O. Box 7378, Philadelphia, Pennsylvania 19101; Telephone: 215-636-5000. President, John Robinson, M.D.; Secretary, Frank T. Mansure, M.D. Medical directors of life insurance companies. Encourages the advancement of the science of medicine as applied to insurance.

Conference of Actuaries in Public Practice: 500 Park Boulevard, Itasca, Illinois 60143; Telephone: 312-773-8140; President, Edward H. Friend; Secretary, James F.A. Biggs. Membership composed of consulting actuaries and government actuaries.

Home Office Life Underwriters Association: President, Allan R. Johnson; Secretary, James L. Compere, Northwestern Mutual Life Insurance Company, 720 E. Wisconsin Avenue, Milwaukee, Wisconsin 53202; Telephone: 414-271-1444. An organization of home office underwriters of legal reserve life insurance companies. Offers an education program through the Academy of Life Underwriting designed specifically for professional home office life underwriters.

Institute of Home Office Underwriters: President, Thomas C. McCall; Secretary-Treasurer, Arthur J. Taylor, The Paul Revere Life Insurance Company, 18 Chestnut Street, Worcester, Massachusetts 01608; Telephone: 617-799-4441. An organization of home office underwriters. Aims to increase the knowledge of underwriting principles through discussions, surveys, and presentation of papers, and through the education program of the Academy of Life Underwriting.

Insurance Accounting and Systems Association: P.O. Box 8857, Durham, North Carolina 27707; Telephone: 919-683-2356; President, Gerald W. Huff; Secretary-Treasurer, Elaine S. Powell. An international organization to promote the study, research and development of modern techniques in insurance accounting, systems and statistics.

International Claim Association: President, James F. Sullivan; Secretary, William F. Meyer, Western and Southern Life Insurance Company, 400 Broadway, Cincinnati, Ohio 45202; Telephone: 513-629-1475. Comprised of officers and employees of life and health insurance companies who handle the claims function for those companies.

Life Insurance Advertisers Association: 900 Des Moines Street, Suite 200, Des Moines, Iowa 50316; Telephone: 515-266-2189; President, Frank L. Anton; Secretary, Peter J. Bruton. An organization of persons interested in life insurance advertising, sales promotion, public and policyholder relations and company communications. Conducts workshops, distributes case histories describing specific activities of member companies and makes awards for outstanding materials.

The Life Underwriter Training Council: 1922 F Street, N.W., Washington, D.C. 20006; Telephone: 202-393-5240; Chairman of the Board, John C. Scully, CLU; President, William A. Klauber, CLU. An organization which provides sales training in life and health insurance and financial services for life underwriters. Members are agents taking part in sales training courses and seminars sponsored by local life underwriter associations.

Million Dollar Round Table: 2340 River Road, Des Plaines, Illinois 60018; Telephone: 312-298-1120; President, Ron D. Barbaro, CLU; Executive Vice President, Roderick L. Geer, CLU. Composed of life insurance agents who consistently sell at least $2.25 million face amount of life insurance annually and maintain membership in the National Association of Life Underwriters.

National Association of Life Underwriters: 1922 F Street, N.W., Washington, D.C. 20006; Telephone: 202-331-6000; President, Robert B. Hughes, CLU, ChFC; Executive Vice President, Jack E. Bobo, CLU, FLMI. An organization working through local groups of agents, which sponsors sales congresses and seminars, promotes high ethical standards, participates in community service projects and supports legislation in the interest of the insuring public and the agency system.

Society of Actuaries: 500 Park Boulevard, Itasca, Illinois 60143; Telephone: 312-773-3010; President, Dwight K. Bartlett, III; Executive Director, John E. O'Connor, Jr. Organization of individuals trained to apply mathematical probabilities to insurance and pension program design. The Society specifically identifies, educates and qualifies individuals to become members; provides continuing education and professional development programs; promotes and publishes actuarial research; and maintains and enforces a professional conduct code for its members. Society membership is based upon successful completion of a rigorous set of examinations leading to the designation of Fellow or Associate in the Society.

OTHER ORGANIZATIONS

The American College: 270 Bryn Mawr Avenue, Bryn Mawr, Pennsylvania 19010; Telephone: 215-896-4500; Chairman of the Board, Robert Beck, CLU; President, Edward G. Jordan. Provides educational programs through the S.S. Huebner School. Offers studies leading to the award of the Chartered Life Underwriter and Chartered Financial Consultant diplomas and professional designations, fosters continued educational growth through its School of Advanced Career Studies, grants the degree of Master of Science in Financial Services through the Graduate School of Financial Sciences, and the Master of Science in Management through the Richard D. Irwin Graduate School of Management. Accredited by the Commission on Higher Education of the Middle States Association of Colleges and Schools.

S.S. Huebner Foundation for Insurance Education: Suite 1400, SHDH/CC, University of Pennsylvania, Philadelphia, Pennsylvania 19104; Telephone: 215-898-7621; Chairman of the Board of Trustees, Ian M. Rolland; Chairman of the Administrative Board and Executive Director, Dr. Dan M. McGill. Makes fellowship grants for doctoral study and publishes research studies in the field of insurance.

Medical Information Bureau: P.O. Box 801, Boston, Massachusetts 02103; Telephone: 617-329-4500; Chairman of the Board, Warren J. Hunzicker, M.D.; President, Neil M. Day. A nonprofit association of more than 700 member life insurance companies founded by medical directors providing a central information exchange. With the applicant's written consent, statements about health or risk activities can be checked with the Medical Information Bureau to alert insurers to inaccuracies, omissions and willful attempts at fraud.

National Association of Insurance Commissioners: 1125 Grand, Kansas City, Missouri 64106; Telephone: 816-842-3600; President, Honorable Bill Gunter; Executive Vice President, E. Benjamin Nelson. An organization of state officials supervising insurance, which promotes uniformity of legislation and regulation affecting insurance.

National Fraternal Congress of America: 230 West Monroe Street, Chicago, Illinois 60606; Telephone: 312-782-3446; President, Virginia E. Farmer; Executive Vice President, Raymond A. Klee; Secretary-Treasurer, Jonni L. Dempsey. A federation of fraternal benefit societies writing life, accident and health insurance.

GLOSSARY

A

Accidental death benefit. A benefit in addition to the face amount of a life insurance policy, payable if the insured dies as the result of an accident. Sometimes referred to as "double indemnity."

Actuary. A person professionally trained in the technical aspects of insurance and related fields, particularly in the mathematics of insurance—such as the calculation of premiums, reserves and other values.

Adjustable life insurance. A type of insurance that allows the policyholder to change the plan of insurance, raise or lower the face amount of the policy, increase or decrease the premium and lengthen or shorten the protection period.

Agent. A sales and service representative of an insurance company. Life insurance agents may also be called life underwriters or field underwriters.

Annuitant. The person during whose life an annuity is payable, usually the person to receive the annuity.

Annuity. A contract that provides a periodic income at regular intervals for a specified period of time, such as for a number of years or for life.

Annuity certain. A contract that provides an income for a specified number of years, regardless of life or death.

Annuity consideration. The payment, or one of the regular periodic payments, an annuitant makes for an annuity.

Application. A statement of information made by a person applying for life insurance. It helps the life insurance company assess the acceptability of risk.

Assignment. The legal transfer of one person's interest in an insurance policy to another person.

B

Beneficiary. The person named in the policy to receive the insurance proceeds at the death of the insured.

Broker. A sales and service representative who handles insurance for clients, generally selling insurance of various kinds and for several companies.

Business life insurance. Life insurance purchased by a business enterprise on the life of a member of the firm. It is often bought by partnerships to protect the surviving partners against loss caused by the death of a partner, or by a corporation to reimburse it for loss caused by the death of a key employee.

C

Cash surrender value. The amount available in cash upon voluntary termination of a policy by its owner before it becomes payable by death or maturity.

Certificate. A statement issued to individuals insured under a group policy, setting forth the essential provisions relating to their coverage.

Claim. Notification to an insurance company that payment of an amount is due under the terms of a policy.

Convertible term insurance. Term insurance which can be exchanged, at the option of the policyholder and without evidence of insurability, for another plan of insurance.

Credit life insurance. Term life insurance issued through a lender or lending agency to cover payment of a loan, installment purchase, or other obligation, in case of death.

D

Declination. The rejection by a life insurance company of an application for life insurance, usually for reasons of the health or occupation of the applicant.

Deferred annuity. An annuity providing for the income payments to begin at some future date.

Deferred group annuity. A type of group annuity providing for the purchase each year of a paid-up deferred annuity for each member of the group, the total amount received by the member at retirement being the sum of these deferred annuities.

Deposit administration group annuity. A type of group annuity providing for the accumulation of contributions in an undivided fund out of which annuities are purchased as the individual members of the group retire.

Deposit term insurance. A form of term insurance, not really involving a "deposit," in which the first-year premium is larger than subsequent premiums. Typically, a partial endowment is paid at the end of the term period. In many cases the partial endowment can be applied toward the purchase of a new term policy or, perhaps, a whole life policy.

Disability benefit. A feature added to some life insurance policies providing for waiver of premium, and sometimes payment of monthly income, if the policyholder becomes totally and permanently disabled.

Dividend. A return of part of the premium on participating insurance to reflect the difference between the premium charged and the combination of actual mortality, expense and investment experience. Such premiums are calculated to provide some margin over the anticipated cost of the insurance protection.

Dividend addition. An amount of paid-up insurance purchased with a policy dividend and added to the face amount of the policy.

E

Endowment. Life insurance payable to the policyholder if living, on the maturity date stated in the policy, or to a beneficiary if the insured dies prior to that date.

Expectation of life. The average number of years of life remaining for a group of persons of a given age according to a particular mortality table.

Extended term insurance. A form of insurance available as a nonforfeiture option. It provides the original amount of insurance for a limited period of time.

F

Face amount. The amount stated on the face of the policy that will be paid in case of death or at the maturity of the policy. It does not include additional amounts payable under accidental death or other special provisions, or acquired through the application of policy dividends.

Family income policy. A life insurance policy, combining whole life and decreasing term insurance. The beneficiary receives income payments to the end of a specified period if the insured dies prior to the end of the period plus the face amount of the policy — either at the end of the period or at the death of the insured.

Family policy. A life insurance policy providing insurance on all or several family members in one contract, generally whole life insurance on the principal breadwinner and smaller amounts of term insurance on the other spouse and children, including those born after the policy is issued.

Flexible premium policy or annuity. A life insurance policy or annuity under which the policyholder or contractholder may vary the amounts or timing of premium payments.

Fraternal life insurance. Life insurance provided by fraternal orders or societies to their members.

G

Geographic divisions (in the United States)

- NORTHEAST
  - New England: Connecticut, Maine, Massachusetts, New Hampshire, Rhode Island, Vermont
  - Middle Atlantic: New Jersey, New York, Pennsylvania
- NORTH CENTRAL
  - East North Central: Illinois, Indiana, Michigan, Ohio, Wisconsin
  - West North Central: Iowa, Kansas, Minnesota, Missouri, Nebraska, North Dakota, South Dakota
- SOUTH
  - South Atlantic: Delaware, District of Columbia, Florida, Georgia, Maryland, North Carolina, South Carolina, Virginia, West Virginia
  - East South Central: Alabama, Kentucky, Mississippi, Tennessee
  - West South Central: Arkansas, Louisiana, Oklahoma, Texas

WEST
Mountain: Arizona, Colorado, Idaho, Montana, Nevada, New Mexico, Utah, Wyoming
Pacific: Alaska, California, Hawaii, Oregon, Washington.

Grace period. A period (usually 30 or 31 days) following the premium due date, during which an overdue premium may be paid without penalty. The policy remains in force throughout this period.

Group annuity. A pension plan providing annuities at retirement to a group of people under a master contract. It is usually issued to an employer for the benefit of employees. The individual members of the group hold certificates as evidence of their annuities.

Group life insurance. Life insurance usually without medical examination, on a group of people under a master policy. It is typically issued to an employer for the benefit of employees, or to members of an association, for example a professional membership group. The individual members of the group hold certificates as evidence of their insurance.

I

Individual policy pension trust. A type of pension plan, frequently used for small groups, administered by trustees who are authorized to purchase individual level premium policies or annuity contracts for each member of the plan. The policies usually provide both life insurance and retirement benefits.

Industrial life insurance. Life insurance issued in small amounts, usually less than $1,000, with premiums payable on a weekly or monthly basis. The premiums are generally collected at the home by an agent of the company. Sometimes referred to as debit insurance.

Insurability. Acceptability to the company of an applicant for insurance.

Insurance examiner. The representative of a state insurance department assigned to participate in the official audit and examination of the affairs of an insurance company.

Insured or insured life. The person on whose life the policy is issued.

L

Lapsed policy. A policy terminated for nonpayment of premiums. The term is sometimes limited to a termination occurring before the policy has a cash or other surrender value.

Legal reserve life insurance company. A life insurance company operating under state insurance laws specifying the minimum basis for the reserves the company must maintain on its policies.

Level premium life insurance. Life insurance for which the premium remains the same from year to year. The premium is more than the actual cost of protection during the earlier years of the policy and less than the actual cost in the later years. The building of a reserve is a natural result of level premiums. The overpayments in the early years, together with the interest that is to be earned, serve to balance out the underpayments of the later years.

Life annuity. A contract that provides an income for life.

Life expectancy. The average number of years of life remaining for a group of persons of a given age according to a particular mortality table.

Life insurance in force. The sum of the face amounts, plus dividend additions, of life insurance policies outstanding at a given time. Additional amounts payable under accidental death or other special provisions are not included.

Limited payment life insurance. Whole life insurance on which premiums are payable for a specified number of years or until death if death occurs before the end of the specified period.

M

Master policy. A policy that is issued to an employer or trustee, establishing a group insurance plan for designated members of an eligible group.

Mortality table. A statistical table showing the death rate at each age, usually expressed as so many per thousand.

Mutual life insurance company. A life insurance company without stockholders whose management is directed by a board elected by the policyholders. Mutual companies, in general, issue participating insurance.

N

Nonforfeiture option. One of the choices available if the policyholder discontinues premium payments on a policy with a cash value. This, if any, may be taken in cash, as extended term insurance or as reduced paid-up insurance.

Nonmedical limit. The maximum face value of a policy that a given company will issue without the applicant taking a medical examination.

Nonparticipating policy. A life insurance policy in which the company does not distribute to policyholders any part of its surplus. Note should be taken that premiums for nonparticipating policies are usually lower than for comparable participating policies. Note should also be taken that some nonparticipating policies have both a maximum premium and a current lower premium. The current premium reflects anticipated experience that is more favorable than the company is willing to guarantee, and it may be changed from time to time for the entire block of business to which the policy belongs. (See also: *Participating policy)*

O

Ordinary life insurance. Life insurance usually issued in amounts of $1,000 or more with premiums payable on an annual, semi-annual, quarterly or monthly basis.

P

Paid-up insurance. Insurance on which all required premiums have been paid. The term is frequently used to mean the reduced paid-up insurance available as a nonforfeiture option.

Participating policy. A life insurance policy under which the company agrees to distribute to policyholders the part of its surplus which its Board of Directors determines is not needed at the end of the business year. Such a distribution serves to reduce the premium the policyholder had paid. (See also: *Policy dividend; Nonparticipating policy)*

Permanent life insurance. A phrase used to cover any form of life insurance except term; generally insurance that accrues cash value, such as whole life or endowment.

Policy. The printed legal document stating the terms of the insurance contract that is issued to the policyholder by the company.

Policy dividend. A refund of part of the premium on a participating life insurance policy reflecting the difference between the premium charged and actual experience.

Policy loan. A loan made by a life insurance company from its general funds to a policyholder on the security of the cash value of a policy.

Policy reserves. The measure of the funds that a life insurance company holds specifically for fulfillment of its policy obligations. Reserves are required by law to be so calculated that, together with future premium payments and anticipated interest earnings, they will enable the company to pay all future claims.

Policyholder. The person who owns a life insurance policy. This is usually the insured person, but it may also be a relative of the insured, a partnership or a corporation.

Premium. The payment, or one of the periodic payments, a policyholder agrees to make for an insurance policy.

Premium loan. A policy loan made for the purpose of paying premiums.

R

Rated policy. Sometimes called an "extra-risk" policy, an insurance policy issued at a higher-than-standard premium rate to cover the extra risk where, for example, an insured has impaired health or a hazardous occupation.

Reduced paid-up insurance. A form of insurance available as a nonforfeiture option. It provides for continuation of the original insurance plan, but for a reduced amount.

Renewable term insurance. Term insurance which can be renewed at the end of the term, at the option of the policyholder and without evidence of insurability, for a limited number of successive terms. The rates increase at each renewal as the age of the insured increases.

Reserve. The amount required to be carried as a liability in the financial statement of an insurer, to provide for future commitments under policies outstanding.

Rider. A special policy provision or group of provisions that may be added to a policy to expand or limit the benefits otherwise payable.

Risk classification. The process by which a company decides how its premium rates for life insurance should differ according to the risk characteristics of individuals insured (e.g., age, occupation, sex, state of health) and then applies the resulting rules to individual applications. (See: *Underwriting*)

S

Separate account. An asset account established by a life insurance company separate from other funds, used primarily for pension plans and variable life products. This arrangement permits wider latitude in the choice of investments, particularly in equities.

Settlement options. The several ways, other than immediate payment in cash, which a policyholder or beneficiary may choose to have policy benefits paid. (See also: *Supplementary contracts*)

Stock life insurance company. A life insurance company owned by stockholders who elect a board to direct the company's management. Stock companies, in general, issue nonparticipating insurance, but may also issue participating insurance.

Straight life insurance. Whole life insurance on which premiums are payable for life.

Supplementary contract. An agreement between a life insurance company and a policyholder or beneficiary by which the company retains the cash sum payable under an insurance policy and makes payments in accordance with the settlement option chosen.

T

Term insurance. Life insurance payable to a beneficiary only when an insured dies within a specified period.

U

Underwriting. The process by which a life insurance company determines whether or not it can accept an application for life insurance, and if so, on what basis.

Universal life insurance. A flexible premium life insurance policy under which the policyholder may change the death benefit from time to time (with satisfactory evidence of insurability for increases) and vary the amount or timing of premium payments. Premiums (less expense charges) are credited to a policy account from which mortality charges are deducted and to which interest is credited at rates which may change from time to time.

V

Variable annuity. An annuity contract in which the amount of each periodic income payment may fluctuate. The fluctuation may be related to securities market values, a cost of living index, or some other variable factor.

Variable life insurance. Life insurance under which the benefits relate to the value of assets behind the contract at the time the benefit is paid. The amount of death benefit payable would, under variable life policies that have been proposed, never be less than the initial death benefit payable under the policy.

W

Waiver of premium. A provision that under certain conditions an insurance policy will be kept in full force by the company without further payment of premiums. It is used most often in the event of total and permanent disability.

Whole life insurance. Life insurance payable to a beneficiary at the death of the insured whenever that occurs. Premiums may be payable for a specified number of years (limited payment life) or for life (straight life).

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